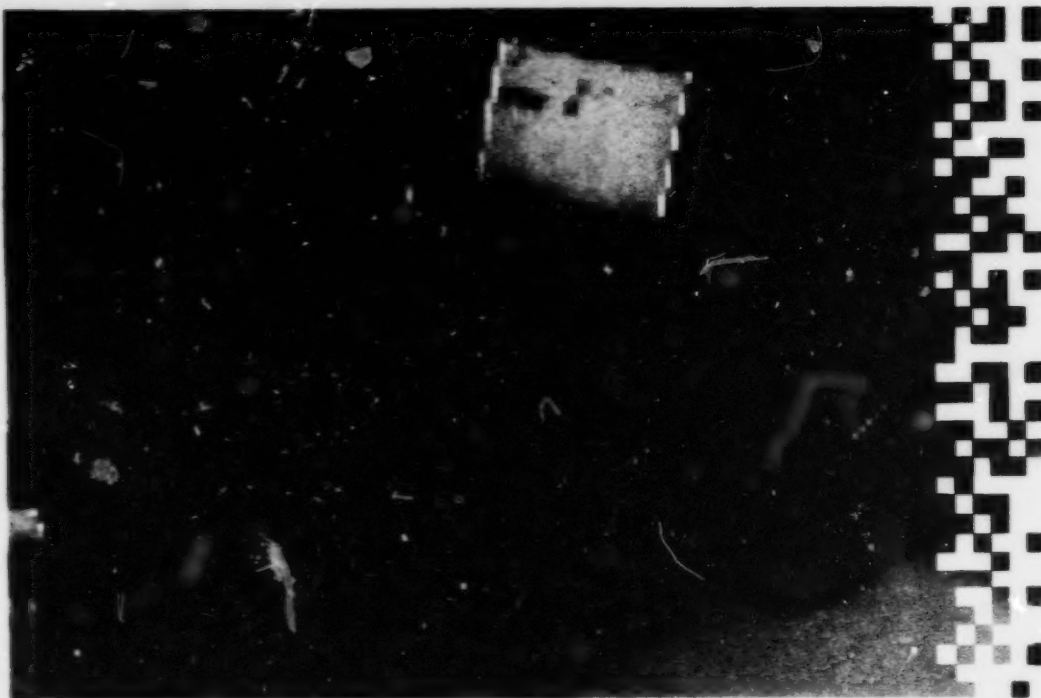




THE CITY OF EDMONTON

*Financial Statements
and Reports 1986*



It began in 1795, when the Hudson's Bay Company established Fort Edmonton as a fur trading post. By 1821, Fort Edmonton had become the dominant center of fur trade in the west. Today it continues to be the service center to oil, agricultural and mining sectors in the province of Alberta and northern Canada.

Edmonton is a young city with seventy per cent of the population under the age of 44. Its people are from many countries with an ethnic heritage representing more than 50 cultures.

Almost half of the workers in Edmonton have post-secondary education. The city boasts Canada's second largest university and one of its largest trade and technical schools, the University of Alberta and the Northern Alberta Institute of Technology.

Edmonton is a progressive community, proud of its past and enthusiastic about its future. The 1986 edition of The City of Edmonton Financial Statements highlights some of the modern technology and programs serving the citizens of Edmonton.

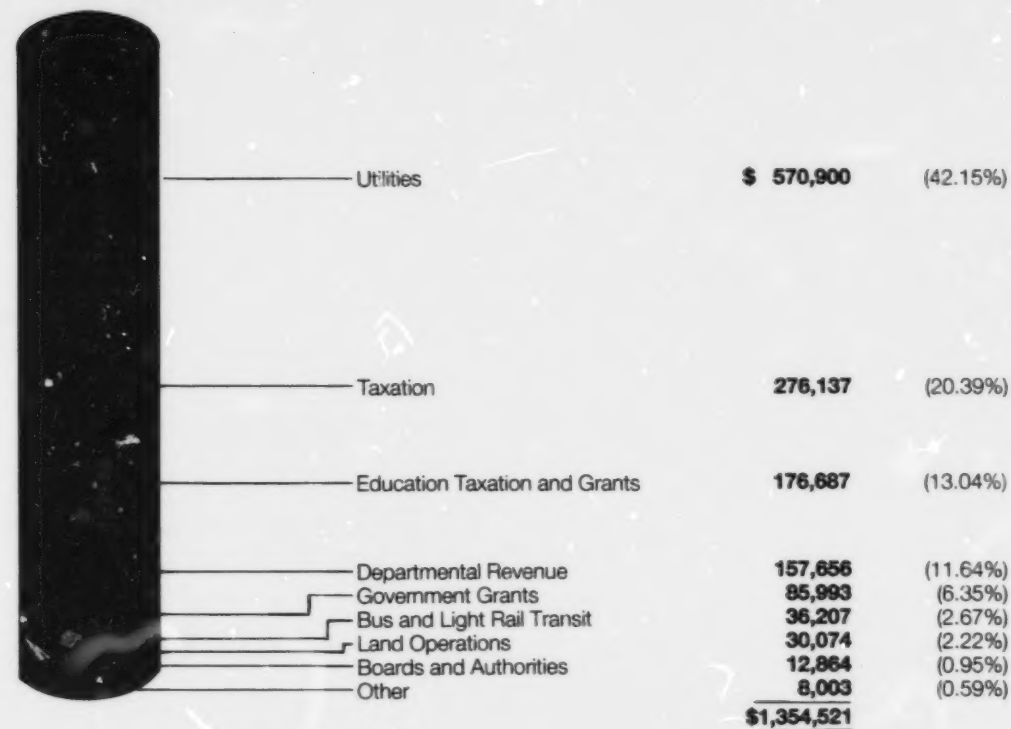
The Meridian system combines a telephone switchboard with a computer, facilitating information access and data transmission via telephone. This unit is marketed through 'edmonton telephones', owned and operated by the City.

Combined Revenues and Expenditures

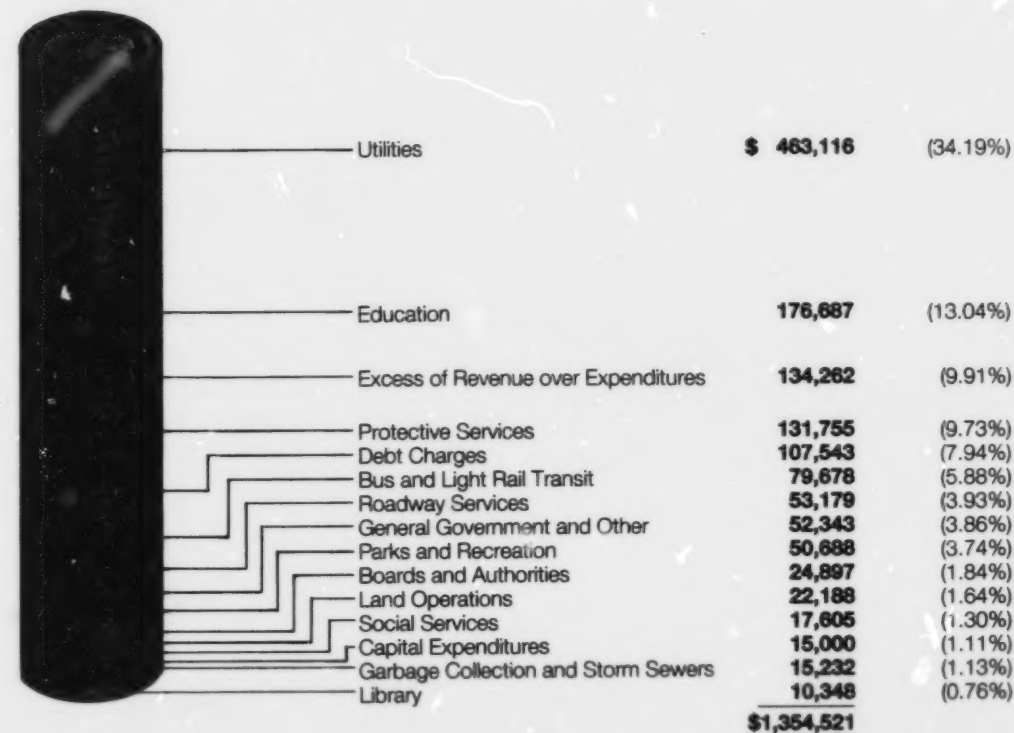
Source and Distribution — 1986 Results

(in thousands of dollars)

SOURCE OF INCOME DOLLAR



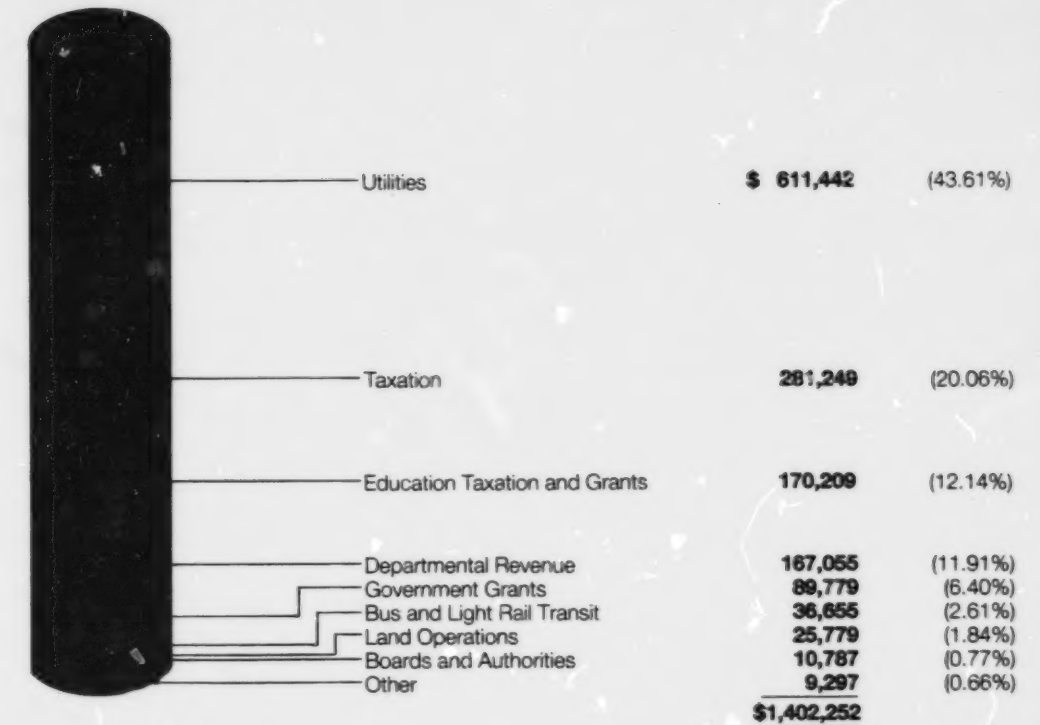
DISTRIBUTION OF INCOME DOLLAR



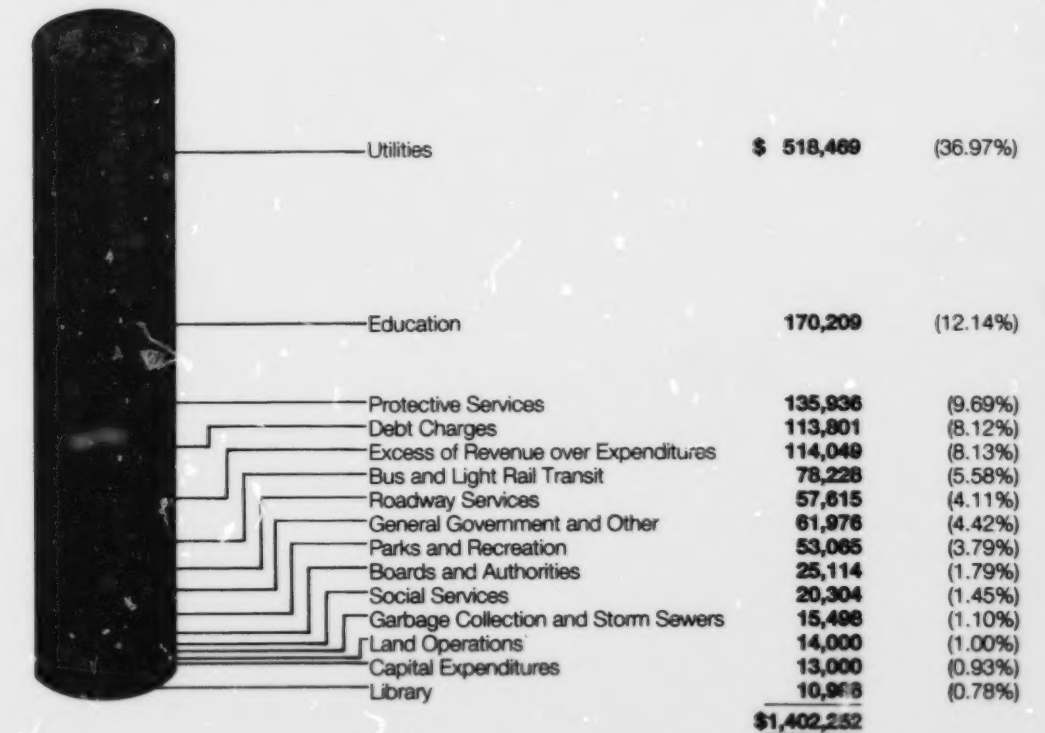
Source and Distribution — 1987 Estimates

(in thousands of dollars)

SOURCE OF INCOME DOLLAR



DISTRIBUTION OF INCOME DOLLAR





THE CITY OF EDMONTON

Financial Synopsis
1986-1987

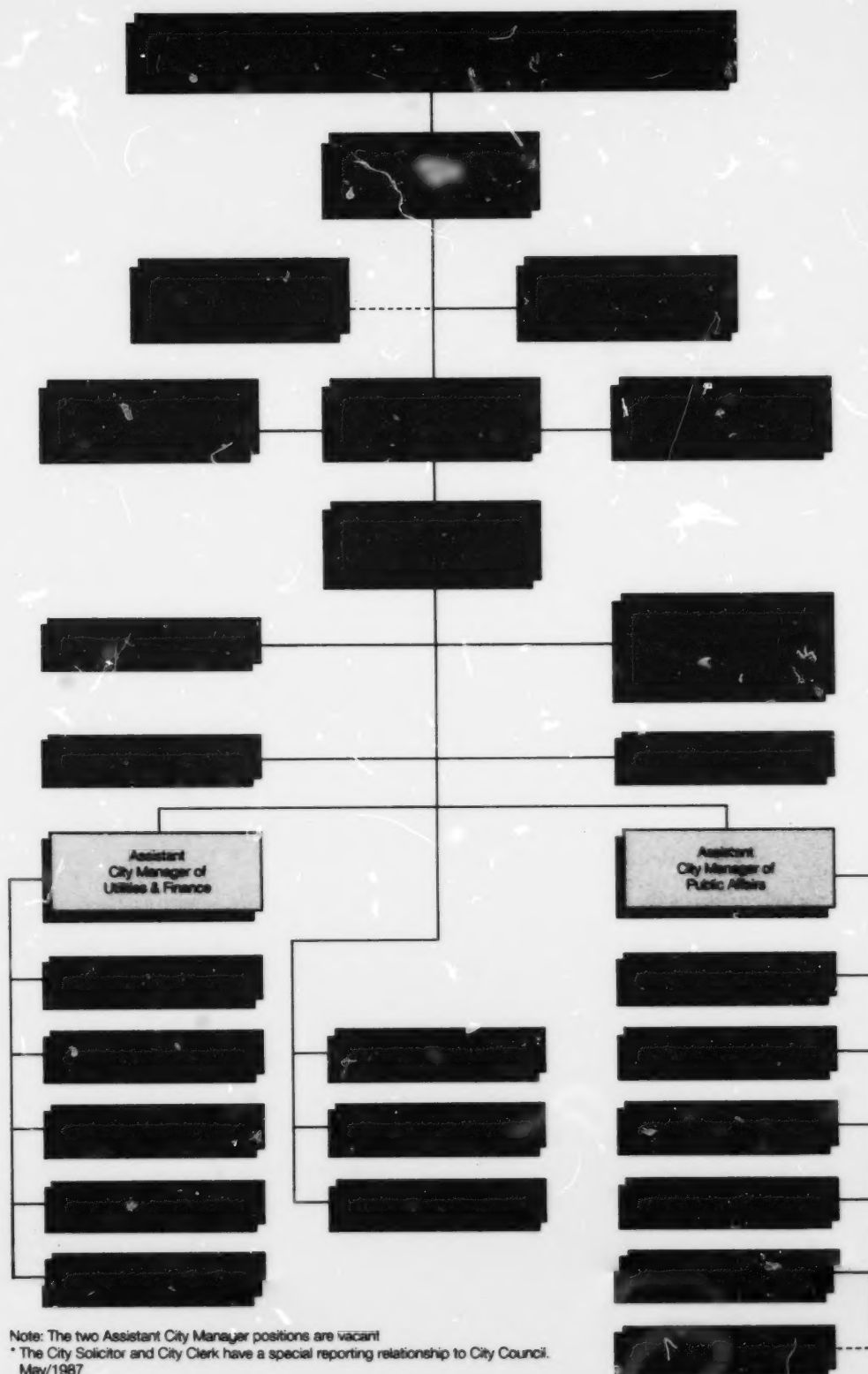
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1986 Officials

City Manager	C.T.C. Armstrong
Finance	J.K. McAully
Personnel	J.A. Pare
Computing Resources	W.R. Ellwood
Chief Coordinator	J. Tustian
City Solicitor	A. Konye
City Clerk	C.J. McGonigle
Assistant City Manager of Utilities and Finance	Vacant
Assessors	S.M. Scott
Power	E.F. Kyte
Telephones	R. Birr
Water and Sanitation	E. Podivinsky
Real Estate and Supply Services	G. Weese
Assistant City Manager of Public Affairs	Vacant
Planning and Building	B. Duncan
Parks and Recreation	D. Ausman
Social Services	J.A. Lackey
Transportation	R. David
Fire	R.E. Walker
Police	R.F. Lunney
Auditor General	E.J. Powell
Boards and Authorities:	
Edmonton Northlands	
President	D. Hamilton
General Manager	G.S. Hughes
Royal Alexandra Hospital Board	
Chairman	M. MacDonald
President	E.L. Casey
Edmonton Public Library Board	
Chairman	Mrs. J.E. Mucha
Director	V. Richards
Edmonton Ambulance Authority	
Chairman	E.H. Leger
General Manager	W.J. Coghill
Edmonton Convention Centre Authority	
Chairman	B. Olsen
General Manager	K. Kolesch
Edmonton Convention and Tourism Authority	
Chairman	D. Bentley
General Manager	E.D. James
Edmonton Economic Development Authority	
Chairman	R. Snyder
General Manager	A.G. Bleiken
Edmonton Research and Development Park Authority	
Chairman	Dr. H.E. Gunning
General Manager	G.A. Mitchell
Non-Profit Housing Corporation	
President	J. Reimer
Managing Director	D.A. McCullagh
Police Commission	
Chairman	J. Butler
Chief of Police	R.F. Lunney

Organization Chart of the Political and Administrative Structures





From Left to Right:

Alderman Patricia Mackenzie, Alderman Ken B. Kozak, Alderman Lillian J. Staroszik, Alderman Lance D. White, P.Eng., Alderman Mel Binder, Alderman Julian Kinisky, Mayor Laurence Decore, Alderman Ron Hayter, Alderman Judy Bethel, Alderman Bruce Campbell, Alderman Terry Cavanagh, Alderman Jan Reimer, Alderman Helen Paull.

Report from the City Manager



Cy Armstrong
City Manager

Your Worship Mayor Decore and Members of the Council of The City of Edmonton.

It is a pleasure to present the audited Financial Statements and Reports of the corporation of The City of Edmonton for the year ending December 31, 1986.

The past year began with a great deal of promise for economic recovery for our community and our province; however, the petroleum industry and agricultural sector setbacks delayed the expected upturn. Despite this disappointment, priorities for civic services were met with only a modest tax increase. Edmonton achieved this partially through innovative action to reduce costs and partially through lower prices available on gasoline and natural gas.

The City remains in sound financial condition, with progress being made toward the goal of achieving the complete pay-as-you-go program for capital programs by 1993. Edmonton continues to have one of the lowest property tax rates of any major center in Canada while our services continue to match the country's best.

The Mayor and members of City Council are aware of, and active in, efforts to address the long-term problem we share with other major centers, that of our aging infrastructure. A responsible program of renewal and replacement of essential structures is ongoing while representations to senior levels of government are being made.

Within the corporation, an employee quality performance program was introduced in 1986. Its purpose is to encourage employee commitment to excellence in municipal service. Initiatives have been taken to increase productivity and streamline the decision-making process.

Our City's response to the flood of 1986 reinforced our confidence in the ability of our staff and of the citizens of Edmonton to help one another in times of need. City crews ably aided residents of our river valley communities to safeguard them and their property. Following the flood, a program to aid residents in clean-up and home restoration was successfully carried out. Programs to restore municipally owned areas and facilities are being completed over a longer time period.

This is my first report as your City Manager, and I thank Mayor Decore and City Council for their direction and support so program priorities could be effectively carried out in 1986. I would also like to thank the management team and all civic employees for their efforts in helping to meet the objective of providing the best quality cost-effective services possible to the citizens of Edmonton.

Respectfully submitted,

A large, stylized handwritten signature of Cy Armstrong in dark ink. The signature is written in a cursive style with a prominent 'C' and 'A'. Below the signature, the name 'Cy Armstrong' and title 'City Manager' are printed.

Cy Armstrong
City Manager

Report from the General Manager of Finance and City Treasurer



J.K. McAully
General Manager of Finance
and City Treasurer

Your Worship the Mayor and Members of the Council of The City of Edmonton.

It is my pleasure to report that The City of Edmonton has successfully responded to the fiscal challenges of 1986 and continues to maintain a sound financial position.

The fiscal restraint programs initiated in the past few years combined with the effectiveness of existing fiscal policies have enabled The City of Edmonton to adapt to the adversities of the local economy and preserve levels of service with modest increases in taxation and utility rates.

In 1986, The City of Edmonton was again recognized for its leadership in government finance by the Government Finance Officers Association (GFOA) of the United States and Canada. As recipient of the GFOA Distinguished Budget Presentation Award in 1986 and the Award for Excellence for Financial Management in 1985, Edmonton is the only Canadian City to have received both these international awards for its budgetary process.

The Combined Financial Statements at December 31, 1986, present a summary of the City's total operations. Utility and tax-supported general government operations reported surpluses of \$107.8 and \$10.4 million respectively. The combined surplus of other municipal enterprise operations was \$16.1 million. Tax-supported debt has decreased by \$7 million in 1986 and will eventually be eliminated as the full impact of the debt fiscal policy is realized. It is anticipated that by 1993, tax-supported capital expenditures will be fully converted from debt financing to pay-as-you-go financing.

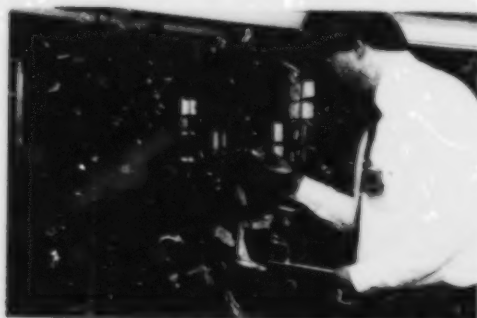
On behalf of the Finance Department I would like to thank the Members of the Council, the senior management team and other City officials for their continued cooperation and support in maintaining the fiscal integrity of The City of Edmonton.

Respectfully submitted,

J.K. McAully
General Manager of Finance
and City Treasurer.

THE CITY OF EDMONTON

*Combined
Financial Statements*



The City of Edmonton's

UNYSIS computer

handles 180,000 transactions daily

supporting the financial, personnel, tax

and property systems. City developed

software programs for its mainframe

computer have been sold throughout

North America.

Combined Financial Statements

Auditors' Report

To His Worship the Mayor and Members of Council of
The City of Edmonton

We have examined the combined balance sheets of The City of Edmonton as at December 31, 1986 and 1985 and the statements of combined revenues and expenditures, surplus, reserves for future expenditures, and combined changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these combined financial statements present fairly the financial position of The City of Edmonton as at December 31, 1986 and 1985 and the results of its operations and the changes in its financial position for the years then ended in accordance with the accounting principles set out in the Summary of Significant Accounting Policies applied, on a basis consistent with that of the preceding year.

Edmonton, Canada
April 30, 1987 except as to
Note 11 which is as of
June 9, 1987.

Peat Marwick
Chartered Accountants

Combined Financial Statements

Combined Balance Sheets

December 31, 1986 and 1985

	1986	1985
		(restated)
		(in thousands of dollars)
ASSETS		
Current Assets		
Short-term investments — at cost (Note 1)	\$ 92,815	\$ 106,830
Investments held in the Reserves Fund — at market (Note 2)	40,368	36,515
Taxes receivable less allowance for uncollectible taxes	45,154	48,217
Due from other governments	4,185	11,711
Accounts receivable less allowance for doubtful accounts	165,939	121,210
Current portion of local improvement costs recoverable from property owners	6,961	6,585
Inventory of materials and supplies — at average cost	22,263	21,071
Prepaid expenses	6,596	8,150
	384,301	360,289
Long-term leases receivable	9,344	4,357
Deferred charges	22,420	17,015
Land inventory — at cost	143,406	142,925
Land held for future municipal purposes — at cost	57,636	63,604
Deferred foreign exchange costs (Note 4)	4,123	6,679
Local improvement costs recoverable from property owners	175,737	177,756
Sinking Fund investments — at cost	67,717	53,647
Property, plant and equipment (Note 3)	2,683,621	2,565,041
	\$3,548,305	\$3,391,313

See accompanying notes to financial statements.

Combined Financial Statements

Combined Balance Sheets

December 31, 1986 and 1985

	1986	1985
		(Restated)
		(in thousands of dollars)
LIABILITIES		
Current Liabilities		
Bank overdraft	\$ 24,683	\$ 24,729
Accounts payable and accruals	147,154	102,691
Accrued interest on long-term debt	70,397	69,937
Current portion of long-term debt (Note 4)	121,316	104,103
Deferred revenue	10,419	10,084
Utility deposits	6,616	5,865
Advances for construction	23,314	24,689
	403,899	342,098
Long-term debt (Note 4)	1,888,670	1,901,405
EQUITY		
Contributed capital surplus	614,558	589,564
General Government surplus (Note 5)	14,829	9,493
Utilities retained earnings	361,138	278,411
Mill Woods land development enterprise retained earnings	82,668	96,066
Land Fund surplus	41,064	44,879
Equipment Pool retained earnings	43,190	41,414
Self Insurance Fund surplus	10,878	11,001
General surplus	24,453	22,216
Sinking Fund surplus	28,432	24,342
Research and Development Park Authority deficit	(40)	(218)
	1,221,170	1,117,168
Reserves for future expenditures	34,566	30,642
	1,255,736	1,147,810
Commitments and contingencies (Notes 6 and 7)		
	\$3,548,305	\$3,391,313

See accompanying notes to financial statements.

Combined Financial Statements

Combined Statements of Revenues and Expenditures

For the Years Ended
December 31, 1986 and 1985

	1986	1985 (Restated) (in thousands of dollars)
REVENUES		
General Government (Schedule)	\$ 732,691	\$ 706,160
Utilities (Note 8)	610,889	592,048
Less: Franchise Tax to General Government	39,989	39,897
	570,900	552,151
Mill Woods land development enterprise	14,630	12,092
Land Fund	15,444	20,203
Reserves Fund earnings	2,237	2,174
Excess Sinking Fund earnings	4,090	3,844
Edmonton Ambulance Authority	4,933	4,423
Edmonton Convention Centre Authority	4,792	4,991
Research and Development Park Authority	3,128	2,484
	49,254	50,211
NET INTER-FUND TRANSACTIONS		
Equipment Pool	1,776	2,747
Self Insurance Fund	(100)	2,081
	1,676	4,828
	\$1,354,521	\$1,313,350

See accompanying notes to financial statements.

Combined Financial Statements

Combined Statements of Revenues and Expenditures — continued

For the Years Ended
December 31, 1986 and 1985

	1986	1985 (Restated) (in thousands of dollars)
EXPENDITURES		
General Government (Schedule)	\$ 722,280	\$ 698,925
Utilities	503,105	491,262
Less: Franchise Tax to General Government	39,989	39,897
	463,116	451,365
Mill Woods land development enterprise	2,929	2,382
Land Fund	25,446	25,833
Less: Interest funded by General Government	6,187	6,197
	19,259	19,636
Edmonton Ambulance Authority	5,963	5,846
Less: Transfer of deficit to General Government	1,030	1,423
	4,933	4,423
Edmonton Convention Centre operating expenditures	6,290	6,656
Edmonton Convention Centre debt charges	4,531	4,519
Less: Transfer from Edmonton Convention Centre Reserve	6,029	6,184
	4,792	4,991
Research and Development Park Authority	4,767	4,090
Less: Funding from General Government	1,817	2,103
	2,950	1,987
EXCESS OF REVENUES OVER EXPENDITURES		
General Government	10,411	7,235
Utilities	107,784	100,786
Mill Woods land development enterprise	11,701	9,710
Land Fund (deficit)	(3,815)	567
Equipment Pool	1,776	2,747
Self Insurance Fund (deficit)	(100)	2,081
General	2,237	2,174
Excess Sinking Fund earnings	4,090	3,844
Research and Development Park Authority	178	497
	134,262	129,641
	\$1,354,521	\$1,313,350

See accompanying notes to financial statements.

Combined Financial Statements

Combined Statements of Surplus

For the Years Ended
December 31, 1986 and 1985
(in thousands of dollars)

	Contributed Capital	General Government
Balance — January 1		
As previously reported	\$589,564	\$ 8,766
Prior period adjustment (Note 8)		727
As restated	589,564	9,493
Add: Excess of revenue over expenditures		10,411
Customer and government contributions	40,909	
Deduct: Transfers to general revenue		86
Transfers to finance capital projects		4,489
Transfers to reserves for future expenditures		500
Amortization of contributions	15,915	
Dividend payments to general government revenue		
	\$614,558	\$ 14,829

See accompanying notes to financial statements.

Combined Statements of Reserves for Future Expenditures

For The Years Ended
December 31, 1986 and 1985
(in thousands of dollars)

	Municipal Housing Incentive Grants	Redevel- opment Levy	Capital Expenditure Tax Levy	District Facilities	Snow Removal
Balance — January 1	\$8,371	\$1,263	\$2,100	\$	\$1,500
Source of funds:					
Current year tax levy					
Donations for specific purposes		2			
Depreciation charged to operations					
Surplus on operations					
Sale of assets					
Transfer from surplus from previous years					
Transfer from other Reserves				1,000	
Transfer from general revenues					
Interest earned		33		97	
Total Source of Funds		35		1,097	
Use of funds:					
Capital expenditures		64			
Donations for specific purposes applied		1			
Transfer to operations					
Transfer to other reserves			1,000		
Total Use of Funds		65	1,000		
Balance — December 31	\$8,371	\$1,233	\$1,100	\$1,097	\$1,500

See accompanying notes to financial statements.

Utilities	Mill Woods Land Development Enterprise	Land Fund	Equipment Pool	Self Insurance Fund	General	Sinking Fund	Research and Development Park Authority	TOTAL 1986	1985 (Restated)
\$243,518 34,893	\$ 96,066	\$ 44,879	\$ 41,414	\$ 11,001	\$ 22,216	\$ 24,342	\$ (218)	\$1,081,548 35,620	\$ 976,665 35,170
278,411	96,066	44,879	41,414	11,001	22,216	24,342	(218)	1,117,168	1,011,835
107,784	11,701	(3,815)	1,776	(100)	2,237	4,090	178	134,262 40,909	129,641 32,504
	25,099			23				25,185 4,512 500	23,318
25,057								15,915 25,057	15,927 17,567
\$361,138	\$ 82,668	\$ 41,064	\$ 43,190	\$ 10,878	\$ 24,453	\$ 28,432	\$ (40)	\$1,221,170	\$1,117,168

Equipment	School Campus Sites	Heritage Festival Park and Edmonton Museum	Capital City Recreation Park	Parks and Recreation General	Convention Centre Reserve	Other Reserves	Total General Government	Reserves Fund of The City of Edmonton	Total 1986	1985
\$2,109	\$ 789	\$1,572	\$3,750	\$5,278	\$ 698	\$1,676	\$29,106	\$1,536	\$30,642	\$32,667
171				4,916	6,328	1,121	6,328	362	6,328	6,273
55				832		218	6,210	365	6,572	6,951
103						86	55	684	55	53
500							1,050		1,415	501
							103		787	313
							586		586	
							1,000		1,000	218
			882				882		882	754
		151	385	62	142	2	872	154	1,026	988
829		151	1,267	5,810	6,470	1,427	17,086	1,565	18,651	16,051
342	789	110		3,598	179	76	4,369	1,238	5,607	6,916
				824	69	175	1,858	144	2,002	1,952
					6,029	89	6,118		6,118	8,990
							1,000		1,000	218
342	789	110		4,422	6,277	340	13,345	1,382	14,727	18,076
\$2,596	\$	\$1,613	\$5,017	\$6,666	\$ 891	\$2,763	\$32,947	\$1,719	\$34,566	\$30,642

Combined Financial Statements

Combined Statement of Changes in Financial Position

For the Years Ended
December 31, 1986 and 1985

	1986	1985 (Restated) (in thousands of dollars)
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$134,262	\$129,641
Add (deduct):		
Items not affecting working capital:		
Depreciation net of amortization of contributions	125,458	120,225
Capital expenditures levy	15,000	15,000
Amortization of foreign exchange loss and deferred charges	5,038	3,922
Transfer from reserves and surplus to General Government	(50,245)	(43,691)
Transfer to reserves and surplus from General Government	5,529	3,263
Net changes in non-cash working capital balances relating to operations:		
Accounts receivable	(31,948)	(34,677)
Inventories and prepaid expenses	1,520	3,199
Accounts payable and accrued liabilities	39,019	(13,811)
Cash provided by operations	243,633	183,071
INVESTING ACTIVITIES		
Capital expenditures including local improvements	(323,159)	(307,873)
Disposal of equipment	6,804	3,413
Purchase of land	(9,567)	(5,923)
Land costs	17,434	13,515
Surplus invested in Sinking Fund assets	(4,090)	(3,844)
Changes in investments held in the Reserves Fund	(3,853)	(3,458)
Net changes in non-cash working capital balances relating to investing activities:		
Accounts receivable	(2,192)	(4,434)
Inventories and prepaid expenses	(1,158)	(314)
Accounts payable and accrued liabilities	1,892	(1,324)
Cash applied to investing activities	(317,889)	(310,242)
FINANCING ACTIVITIES		
Debenture borrowings and mortgages	106,562	158,191
Increase in capital leases	(4,987)	(4,357)
Changes in accrued interest on long-term debt	460	2,663
Contributions for capital construction	21,545	12,734
Government grants	51,139	53,092
Repayment of debentures	(111,061)	(91,428)
Other	(3,371)	7,583
Cash provided by financing activities	60,287	138,478
Increase (decrease) in cash position	(13,969)	11,307
Cash position at beginning of year	82,101	70,794
Cash position at end of year	\$ 68,132	\$ 82,101
Cash is comprised of:		
Short-term investments	\$ 92,815	\$106,830
Bank overdraft	24,683	24,729
	\$ 68,132	\$82,101

See accompanying notes to financial statements.

Combined Financial Statements

Summary of Significant Accounting Policies

December 31, 1986

A. Financial Statement Presentation

The Combined Financial Statements include the assets and liabilities, revenues and expenditures, reserves and surplus of those City funds and governmental functions or entities which have been determined to comprise a part of the aggregate City operations. This combination has been based on the responsibility and control exercised by the City over these entities. The General Government operations, the Edmonton Utilities, Mill Woods land development enterprise, the Land Fund, the Equipment Pool, the Water and Sanitation Construction Branch, the Self Insurance Fund, the Reserves Fund of The City of Edmonton, the Sinking Fund of The City of Edmonton, the Edmonton Ambulance Authority, the Edmonton Convention Centre Authority, and the Edmonton Research and Development Park Authority are included in this combination.

The Edmonton Convention and Tourism Authority and the Edmonton Economic Development Authority were created by Acts of the Provincial Legislature, and are included in the Combined Financial Statements to the extent of the provision of funds for their operations as approved by City Council.

The Edmonton Public Library Board, the Edmonton Local Board of Health and the Royal Alexandra Hospitals are administered by separate boards. The City of Edmonton owns certain of their fixed assets and as such, these assets are included in the Combined Financial Statements to the extent that related debenture borrowings are outstanding.

School administration is completely independent from the City Council and subject to control by the Provincial Government pursuant to the provisions of the School Act. The only relationship between the School Boards and The City of Edmonton is that the City is obligated to provide funds raised by taxes deemed necessary by these two Boards. Thus, the Edmonton School District No. 7 and the Edmonton R.C. Separate School District No. 7 are not included in the Combined Financial Statements.

Edmonton Northlands is a non-profit company incorporated under the Laws of Alberta. The City of Edmonton owns the land on which all the Company's properties are situated. The assets and operations of Edmonton Northlands are not included in the Combined Financial Statements.

The City of Edmonton Non-Profit Housing Corporation was incorporated as a limited company under the Companies Act of Alberta. The corporation is not included in the Combined Financial Statements and accordingly \$48,845,000 of mortgages which are secured by \$47,030,000 of assets of the corporation are not reflected in the Combined Balance Sheet.

The Pension Fund of The City of Edmonton is comprised of the assets and liabilities under the control of the Trustees of The City of Edmonton Pension Fund. The accounts of the Pension Fund are not included in the Combined Financial Statements.

B. General Accounting Principles and Practices

The City of Edmonton organizes its accounting system to segregate accounts and related transactions by function as follows:

- (i) General Government Operations, to account for the acquisition and financing of capital facilities, other assets, and the various sources of revenues and expenditures, the payment of interest and principal on long-term debt, in accordance with the usual accounting principles and practices for the operation of conventional municipal services.
- (ii) In addition to the regular municipal operations, the City organizes and operates as accounting entities, the following Edmonton Utilities:

Edmonton Power
'edmonton telephones'
Edmonton Water

Edmonton Sanitary Sewage System
Edmonton Municipal Airport

The administration endeavours to ensure that the users pay the full cost of the utility facilities and services, including an adequate return on capital invested. In accordance with the City's fiscal policy each Utility pays an annual revenue tax based on annual qualifying revenues and a dividend based on opening equity. These are included in General Government revenues.

- (iii) The Mill Woods land development project, owned and operated by the City, is considered a municipal enterprise for accounting purposes. A self-liquidating financing concept is utilized, with the proceeds from the sale of land being sufficient to offset land acquisition and servicing costs and to provide funds in accordance with the City Council approved Debt Management Policy.
- (iv) The Land Fund includes land held for future municipal purposes and land inventory held for resale. Land inventory held for resale is composed of all surplus land not required for municipal or utility purposes. Gains or losses resulting from the sale or transfer of City owned land, except reserve and utility land, are recorded in the Land Fund surplus.

Combined Financial Statements

Summary of Significant Accounting Policies — continued

December 31, 1986

- (v) The Equipment Pool includes the vehicle and equipment operations for The City of Edmonton. Revenues are derived from charges made to user departments and the excess of revenues over expenditures, which is recorded as net inter-fund transactions on the combined statement of revenues and expenditures, is retained for the replacement of vehicles and other fixed assets.
- (vi) The Water and Sanitation Construction Branch provides storm sewer, sanitary sewer and water line construction services to City departments. Revenues consist of charges for construction work performed. The excess of revenues over expenditures is recorded as general government revenue on the combined statement of revenues and expenditures.
- (vii) The Self Insurance Fund encompasses the City's insurance program. Revenues are comprised of premiums charged to all City departments for the insurance of assets, and against any potential insurable losses or liabilities which may be incurred. Surplus funds, which are recorded as net inter-fund transactions on the combined statement of revenues and expenditures, are maintained in the Reserves Fund.
- (viii) The City also maintains the Special Funds, each to account for the proceeds of specific revenue sources or to finance specified activities. The Sinking Fund maintains funds required to meet the City's redemption requirements of future years. Sinking Fund investment earnings in excess of those required to meet future debt requirements are maintained within the fund as unappropriated surplus. The Reserves Fund is comprised of funds established to finance various specified activities. Reserves Fund net earnings are distributed to reserve deposits and general surplus (The City of Edmonton equity) based on their proportionate share of the assets.
- (ix) The following activities of the City are carried out through authorities created by Acts of the Provincial Legislature:
 - The Edmonton Research and Development Park Authority for the purpose of operating research and development parks in the City;
 - The Edmonton Ambulance Authority for the purpose of developing, maintaining, managing and operating an ambulance service in the City;
 - The Edmonton Convention Centre Authority for the purpose of developing, maintaining, managing and operating a Trade and Convention Centre in the City;
 - The Edmonton Economic Development Authority for the purpose of promoting and developing the economic growth of the City in a manner consistent with general economic development policies for the City as approved by Council; and
 - The Edmonton Convention and Tourism Authority for the purpose of promoting and developing the convention and tourism industry in the City in a manner consistent with a general convention and tourism policy for the City as approved by Council.

C. Property, Plant and Equipment

- (i) **Municipal**

Fixed assets employed in General Municipal operations, other than Storm Sewers, Solid Waste, the Equipment Pool, the Water and Sanitation Construction Branch and Edmonton Transit, are recorded at an amount equal to the debenture borrowings. Government grants, developer contributions and costs financed through general operations, are applied to reduce the recorded fixed asset costs. These assets are depreciated at an amount equal to debenture principal repayments.

For Storm Sewers, Solid Waste, the Equipment Pool, the Water and Sanitation Construction Branch and Edmonton Transit fixed assets are recorded at gross cost, including any portion financed by developer contributions or government grants. The Equipment Pool and the Water and Sanitation Construction Branch assets are depreciated based on their estimated useful lives. For Storm Sewers, Solid Waste and Edmonton Transit the debenture financed assets are depreciated at an amount equal to the principal repayments; the portions financed by grants and contributions are depreciated over the estimated useful lives of the assets.
- (ii) **Utilities**

Fixed assets included in Utilities are recorded at gross cost, regardless of financing sources. Interest on funds used during construction is capitalized at short-term borrowing rates. Depreciation is recorded on the gross cost of plant and equipment in service based upon the estimated useful lives of the assets.

Combined Financial Statements

Summary of Significant Accounting Policies — continued

December 31, 1986

D. Local Improvement Costs Recoverable From Property Owners

These receivables originate with local improvements authorized by property owners and undertaken by the City. The construction costs and borrowing costs are recovered through annual special property assessments during the period of the related borrowings.

E. Interest Charges on Long-Term Debt

The City records accrued interest on all outstanding long-term debt.

F. Deferred Revenue

Deferred revenue is mainly composed of advance payments on lease rentals of telephone equipment, and one month advance billings charged by 'edmonton telephones' for telephone rentals to residential customers.

G. Vacation and Sick Benefit Plans

Vacation and sick benefit costs are recorded on a cash basis.

H. Reserves for Future Expenditures

These reserves represent amounts set aside for future municipal operating and capital expenditures. Additions thereto include profits on certain municipal operations, and donations for specific purposes. The principal decreases in these reserves include the cost of related fixed asset additions and transfers to operations.

I. Land Fund Surplus

In accordance with the direction of City Council, profits from General Municipal land transactions are maintained in a surplus account for the purpose of providing funds for the acquisition of land for municipal purposes.

J. Foreign Exchange on Long-Term Debt

All outstanding debt denominated in foreign currencies is translated at year end exchange rates. Gains or losses, realized and unrealized, incurred on foreign exchange translation are deferred and amortized over the remaining life of the related long-term debt.

K. Contributed Capital Surplus

Contributions received from other governments and utility customers in aid of construction are recorded as contributed capital surplus for the Utilities, Storm Sewers, Solid Waste, and Edmonton Transit.

The contributed capital surplus on depreciable assets is amortized to income over the remaining life of the assets.

Combined Financial Statements

Notes to Financial Statements

December 31, 1986

Introduction: All columnar amounts reported in the notes to the financial statements are in thousands of dollars.

Note 1. Short-Term Investments

The following balances represent the City's short-term money market investment position.

	1986	1985
Cash	\$ 4,545	\$ 9,481
Short-term investments (notes receivable)	88,270	97,349
	<u>\$ 92,815</u>	<u>\$106,830</u>

Note 2. Investments Held in the Reserves Fund

\$15,915,000 of the Investments held in the Reserves Fund are designated to fund Reserves for Future Expenditures and the Self Insurance Fund. The remaining \$24,453,000 is not designated for specific purposes.

Note 3. Property, Plant and Equipment

A. The components of capital assets are as follows:

	1985	Net Additions	Grants, Contribu- tions, etc.	1986
General municipal*	\$ 610,844	\$ 86,874	\$ 61,607	\$ 636,111
Storm and solid wastes system	380,493	17,101	7,572 †	390,022
Water and Sanitation Construction Branch		47	(7,547)†	7,594
Edmonton Public Library*	6,694			6,694
Royal Alexandra Hospitals	5,230			5,230
Edmonton Local Board of Health	540			540
Equipment Pool	80,107	3,316		83,423
Convention Centre*	41,000			41,000
Ambulance*	1,621	121	121	1,621
Mill Woods	15,977	1,011	1,337	15,651
Utilities	2,164,028	153,899	(25)†	2,317,952
Total Assets	3,306,534	\$ 262,369	\$ 63,065	3,505,838
Less: Accumulated depreciation	741,493			822,217
Total Net Assets	<u>\$2,565,041</u>			<u>\$2,683,621</u>

* In accordance with the stated general accounting principles and practices the grants and contributions for General Municipal Fixed Assets are deducted from the related costs.

† These amounts represent transfers.

	1986	1985
B. Depreciation charged to operations for the year including local improvements and net of amortization of contributions	<u>\$125,458</u>	<u>\$120,225</u>

Note 4. Long-Term Debt

A. Debt payable at December 31 includes the following amounts:

	1986	1985
Debentures	\$1,974,882	\$1,961,213
Mortgages	22,759	28,790
Provision for foreign exchange	6,985	7,902
Loan payable — Research and Development Park	4,267	4,506
Leases	1,093	3,097
Total long-term debt	<u>2,009,986</u>	<u>2,005,508</u>
Less current portion	<u>121,316</u>	<u>104,103</u>
Long-term debt	<u>\$1,888,670</u>	<u>\$1,901,405</u>

Combined Financial Statements

Notes to Financial Statements — continued

December 31, 1986

Principal payments on long term debt for the next five years are as follows:

	1987	1988	1989	1990	1991
General Government	\$ 48,350	\$ 52,315	\$ 40,007	\$ 40,483	\$ 29,372
Utilities	55,929	50,725	104,957	58,793	62,058
Land	14,404	435	494	552	628
Equipment Pool	2,412	1,149	104	118	134
Research Park	221	311	355	404	459
	<u>\$121,316</u>	<u>\$104,935</u>	<u>\$145,917</u>	<u>\$100,350</u>	<u>\$ 92,651</u>

B. Interest on long-term debt charged to operations:

	1986	1985
General Government	\$ 76,274	\$ 77,339
Utilities	93,528	93,201
Land	7,993	9,328
Equipment Pool	1,851	2,110
Research Park	4,851	4,877
	<u>\$184,497</u>	<u>\$186,855</u>

C. Existing long-term debt matures in annual amounts to the year 2020 and debenture interest is payable, before Provincial Subsidy at rates ranging from 0% to 19.00% per annum. Effective January 1, 1987, all loans payable to the Alberta Municipal Financing Corporation have been reduced to a maximum rate of 14.00% per annum. The average annual interest rate is 12.45% for 1986 and 12.60% for 1985, before rebate.

D. For qualifying debt issues other than those issued for the Power and Telephone systems, the Province of Alberta rebates interest in excess of the following percentages and as per the following qualifications:

Debenture Issue Date	Bylaw Certificate Issue Date	Per- centage	Rebate Term
January 1, 1974 - March 31, 1980	Not Applicable	8	Full
April 1, 1980 - March 26, 1981	Not Applicable	9	Full
March 27, 1981 - March 31, 1982	Not Applicable	11	Full
April 1, 1982 - March 31, 1985	Prior April 1, 1980	11	5 Years
	April 1, 1980 - March 31, 1982	11	Full
	April 1, 1982 - March 27, 1983	11	5 Years
April 1, 1985 - March 28, 1986	Prior March 31, 1982	No Rebate	
	April 1, 1982 - March 27, 1983	11	5 Years
After March 28, 1986	Not Applicable	No Rebate	

E. The deferred foreign exchange costs represent:

	1986	1985
(i) The unamortized amount pertaining to U.S. issues to be charged to operations over the remaining life of the loans	\$4,123	\$4,976
(ii) The unamortized loss pertaining to the fully redeemed Swiss issue to be recovered from future 'edmonton telephones' and Edmonton Power rates over the remaining life of the original loan		1,703
	<u>\$4,123</u>	<u>\$6,679</u>

Note 5. General Government Surplus

	1986	1985
Appropriated for general government	\$ 2,500	(Restated) \$ 1,900
Retained for future years' revenue stabilization	12,329	7,593
	<u>\$14,829</u>	<u>\$ 9,493</u>

Combined Financial Statements

Notes to Financial Statements — continued

December 31, 1986

Note 6. Commitments

A. Capital Requirements

City Council has approved a 1987 capital budget of \$518,649,000 which is to be funded as follows:

Reserves, Grants and Developer Contributions	\$194,589
Self-liquidating debentures	267,364
Capital Expenditure Levy	15,000
Tax supported debentures	41,696
	<u>\$518,649</u>

Capital expenditures related to Genesee Power Project represent \$198,638,000 of the 1987 capital budget. The City will require additional funds of \$730,455,000 from 1988 to 1991 for this project.

B. Leases of Transit Buses

Prior to December 31, 1978, certain Transit buses had been financed through sale and leaseback arrangements. These leases were not accounted for as capital leases and therefore are not included in the balance sheet. The assets and liabilities that would have been included had the leases been accounted for as capital are:

Assets	1986	1985
Equipment under capital lease (cost)	\$16,116	\$16,116
Less: accumulated depreciation	<u>9,843</u>	<u>8,762</u>
	<u>\$ 6,273</u>	<u>\$ 7,354</u>
 Liabilities		
Capital lease	<u>\$ 8,138</u>	<u>\$ 9,286</u>

Had the leased buses been recorded as capital, they would have been amortized on a straight-line basis, over their economic life of 15 years. Because they were not recorded as capital, the operating expenditures are higher by \$66,409 in 1986 and lower by \$14,306 in 1985.

The lease expiry dates range from 1988 to 1993. The total minimum lease payments to 1993 are \$10,336,000. Minimum lease payments for the next five years are:

1987	\$1,812
1988	1,642
1989	1,523
1990	1,523
1991	1,523

C. Parkade Leases

The City has entered into the following agreements whereby they have agreed to lease:

- The Eaton Center Development Parkade for a 40 year term at an annual fixed rental payment of \$2,250,000. An additional amount of \$19,500,000 will be payable through annual amounts equal to the annual defined taxes paid in respect of the Eaton Center properties but not exceeding \$5,000,000 in the first year or cumulative amounts of \$11,000,000 in the first two years and \$19,500,000 in the first three years. This lease will commence at the later of the completion of the parkade or the public opening of the Eaton Center Mall and may be terminated on 90 day notice prior to the expiry of the 40 year term at the option of the lessor. The City will receive all operating revenues and be responsible for all operating costs of the parkade.
- The ManuLife II Development Parkade for an 8 year term at an annual fixed rental payment of \$925,000. This lease will commence on the completion of the parkade and may be terminated on 180 day notice prior to the expiry of the 8 year term at the option of the lessor. The City will receive all operating revenues and be responsible for all operating costs of the parkade.

D. Computer Lease

The City is committed to computer equipment leases with expiry dates ranging from 1987 to 1991. Minimum lease payments for the next five years will be:

1987	\$3,183,676
1988	2,528,637
1989	2,171,669
1990	2,171,669
1991	2,101,284

A significant portion of these leases will be accounted for as capital leases.

Combined Financial Statements

Notes to Financial Statements — continued

December 31, 1986

E. Pension Plans

All employees of The City of Edmonton, with the exception of Policemen, are members of the Local Authorities Pension Plan of the Province of Alberta. Policemen are members of the Special Forces Pension Plan of the Province of Alberta. In both Plans, the City is only responsible for deducting and remitting monthly contributions.

The City is responsible for the pension requirements of those members who were retired at the time the City's Pension Plan was transferred to the Province of Alberta. Also, a Supplementary Pension Plan exists for Firemen to which the City is required to make contributions. Based upon the most recent actuarial report of June 30, 1985, the City's unfunded liability for the above funds amounts to approximately \$13,600,000. Of this amount, \$1,500,000 is being funded through annual special payments of \$332,644 to the year 1991. Subsequent to the year end, City Council approved the additional funding of this liability by way of an annual \$1,000,000 operating charge, over a maximum 15 year period, with funds to be placed in a special reserve account.

There is approximately \$15,400,000, including interest, in the General Pension Fund which represents the residual awarded to The City of Edmonton from litigation settled in 1984. These funds have not been used to reduce the liabilities in the pension plans, and they are not recorded in the assets of the combined financial statements.

F. Vacation and Sick Pay Benefit Plans

The City's vacation and sick benefit costs are recorded on a cash basis. Accordingly, an accrued liability for vacation pay at December 31, 1986 of approximately \$29,000,000 has not been reflected in the financial statements. An actuarial report of the City's sick benefit plan as at December 31, 1985 shows an unfunded liability of \$20,000,000 which is not reflected in the financial statements.

Note 7. Contingencies

The City is defendant in various lawsuits as of December 31, 1986. While it is impossible to estimate the ultimate liability with respect to the pending litigation, the City Solicitor believes there will be no material adverse effect on the financial position of the City.

Note 8. Prior Period Adjustments

As a result of settlements between The City of Edmonton ('edmonton telephones') and the Province of Alberta (Alberta Government Telephones) the 1985 financial statements have been adjusted as follows:

- a) Revenue and accounts receivable within Utilities increased by \$27,544,000 to reflect long distance toll revenues received as a result of an arbitration committee settlement.
- b) Utilities accounts receivable increased by \$7,100,000, deferred revenues decreased by \$976,000, and opening retained earnings increased by \$8,076,000 to reflect a retroactive settlement received for 1984 and prior years' circuit and duct usage. This increase in Utilities surplus resulted in an increase in General Government surplus of \$727,000 for 1985, representing dividend payments to General Government based on the increased opening retained earnings.

Note 9. Reclassification

Certain 1985 figures have been restated to conform to 1986 financial statement presentation.

Note 10. Chancery Hall Office Building

Subsequent to the year end, City Council approved the purchase of Chancery Hall Office Building for \$5,375,000. This acquisition was financed by the assumption of an existing mortgage of \$1,281,000 and an advance from the Mill Woods Reserve of \$4,094,000. In addition, Council has approved an amount of \$2,100,000 for building upgrades.

Note 11. Subsequent Event

On June 9, 1987, City Council approved the retirement of \$30,294,000 of Convention Centre Debenture debt. The funds were derived from:

- a) a transfer from the General Pension Fund of \$16,739,000 which was the residual awarded to the City from a prior year settlement (note 6E)
- b) a 1987 operating charge of \$195,000
- c) an advance from Mill Woods Reserve of \$13,360,000.

Combined Financial Statements

Schedule of General Government Revenues and Expenditures

For the Years Ended
December 31, 1986 and 1985

	1986	1985 (Restated) (in thousands of dollars)
REVENUES		
Taxation:		
General municipal taxes	\$189,371	\$179,085
Business taxes	57,008	55,126
Local improvement taxes	27,837	26,958
Other	1,921	1,348
	273,137	262,517
Government Grants:		
Municipal assistance	15,806	15,420
Police	10,895	10,803
Social services	9,080	8,801
Provincial government in lieu of taxes	14,190	15,722
Federal government in lieu of taxes	2,143	2,296
Interest stabilization rebate	15,435	15,849
Transit operating grant	6,251	6,490
Subsidized housing	1,816	1,585
Cultural and recreational	4,992	4,814
Engineering highway maintenance	5,027	4,670
Other	358	451
	85,993	86,901
Utility Contributions — franchise tax	39,969	39,897
Franchises and Rents:		
Gas franchise tax	16,705	19,198
Rental of City properties	4,545	4,375
Subsidy housing rentals	276	280
	21,526	23,853
Bus and Light Rail Transit	36,207	35,913

Combined Financial Statements

Schedule of General Government Revenues and Expenditures — continued

For the Years Ended
December 31, 1986 and 1985

	1986	1985 (Restated) (in thousands of dollars)
Service Fees and Other:		
Parks and Recreation	12,628	11,667
Real Estate and Housing	690	561
Planning	912	830
Police	887	1,034
Engineering	982	849
Sanitation	1,347	1,217
Water and Sanitation Construction Branch	516	
Other	1,661	1,186
	19,623	17,344
Licenses, Permits and Parking:		
Parking operations	3,844	3,752
Licenses and permits	6,001	5,702
	9,845	9,454
Fines	6,223	6,082
Interest:		
Interest on investments and loans	4,000	3,986
Tax penalties net of discounts	6,216	6,985
	10,216	10,971
Total Municipal Revenues before transfers	505,759	492,932
Transfers:		
Transfer from Reserves for Future Expenditures	89	2,806
Transfer from Mill Woods Retained Earnings	25,099	21,242
Transfer from Utilities — dividends	25,057	17,567
Surplus from previous year		2,076
	50,245	43,691
Total Municipal Revenues	556,004	536,623
Education:		
Taxation	165,603	159,491
Government grants in lieu of taxes	11,084	10,046
	176,687	169,537
TOTAL REVENUES	\$732,691	\$706,160

Combined Financial Statements

Schedule of General Government Revenues and Expenditures — continued

For the Years Ended
December 31, 1986 and 1985

	1986	1985 (Restated) (in thousands of dollars)
EXPENDITURES		
Debt Charges:		
General debt	\$ 78,262	\$ 70,516
Local improvement debt	29,281	29,748
	107,543	100,264
Protective Services:		
Police	72,146	69,951
Fire	52,607	51,402
Bylaw enforcement	7,002	6,485
	131,755	127,838
Parks and Recreation	50,688	49,270
Social Services	17,605	16,525
Garbage Collection and Storm Sewer	15,232	14,909
Roadway Services:		
Roadway maintenance	22,006	18,031
Snow and ice removal	9,110	11,087
Street lighting	5,465	5,770
Traffic lights and signs	2,874	2,899
Offstreet parking	2,416	1,413
Street cleaning	3,691	3,701
Transportation system design	3,175	2,958
Other	4,442	4,133
	53,179	49,992
General Municipal Government:		
Corporate management	34,876	32,313
City property management and maintenance	5,225	5,058
	40,101	37,371
City Council and Mayor's Office	1,722	1,645
Bus and Light Rail Transit	79,678	81,431
Provision for uncollectible business taxes	5,422	4,634
Assessment appeal tax reductions	4,725	3,990
Business tax rebate program	56	3,377
Capital expenditures	15,000	15,000

Combined Financial Statements

Schedule of General Government Revenues and Expenditures — continued

For the Years Ended
December 31, 1986 and 1985

	1986	1985 (Restated) (in thousands of dollars)
Edmonton Public Library Board	10,348	10,348
Edmonton Ambulance Authority	1,030	1,423
Convention Centre Reserve	6,328	6,273
Edmonton Convention and Tourism Authority	903	757
Edmonton Economic Development Authority	1,441	1,344
Edmonton Research and Development Park Authority	1,817	2,103
Edmonton Air Services	138	140
Total Municipal Expenditures before transfers	544,711	528,634
Transfers:		
Reserve for Capital City Recreation Park	882	754
Total Municipal Expenditures	545,593	529,388
Education:		
Provincial School Foundation Act	30,651	32,799
Public School District No. 7	108,206	101,028
Separate School District No. 7	37,830	35,710
	176,687	169,537
TOTAL EXPENDITURES	722,280	698,925
TOTAL REVENUES	732,691	706,160
Excess of revenues over expenditures	\$ 10,411	\$ 7,235

Comments on Supplementary Financial Information

December 31, 1986

We have reported to the Mayor and Members of Council on our examination for the purpose of expressing an opinion on the combined financial statements of The City of Edmonton for the year ended December 31, 1986.

We do not express an opinion on the following schedules since our examination did not extend to the detailed information therein.

Edmonton, Alberta
April 30, 1987

Peat Marwick
Chartered Accountants

Combined Financial Statements

Analysis of Combined Balance Sheet

December 31, 1986
(in thousands of dollars)

	General Government	Combined Utilities	Mill Woods Land Development Enterprise	Land Fund	Equipment Pool
ASSETS					
Current Assets					
Short-term investments — at cost	\$ 92,815	\$	\$	\$	\$
Investments held in the Reserves Fund — at market	24,453				
Taxes receivable less allowance for uncollectible taxes	45,154				
Due from other governments	4,185				
Accounts receivable less allowance for doubtful accounts	11,963	144,763	2,370		
Current portion of local improvement costs recoverable from property owners	6,981				
Inventory of materials and supplies — at average cost	8,799	12,958			203
Prepaid expenses	4,184	2,342			
Inter-operation balance	58,647	(54,598)	57,411	(93,162)	11,547
	257,181	105,465	59,781	(93,162)	11,750
Long-term leases receivable		9,344			
Deferred charges	18,496	3,709			
Land inventory — at cost			7,626	121,094	
Land held for future municipal purposes — at cost				57,636	
Deferred foreign exchange costs	1,682	2,441			
Local improvement costs recoverable from property owners	175,737				
Sinking Fund investments — at cost	2,664	36,619			
Property, plant and equipment	825,349	1,796,343	15,651		44,197
	\$1,281,109	\$1,953,921	\$ 83,058	\$ 85,568	\$ 55,947

Water & Sanitation Construction Branch	Self Insurance Fund	Reserves Fund of The City of Edmonton	Sinking Fund of The City of Edmonton	Edmonton Ambulance Authority	Edmonton Convention Centre Authority	Research and Development Park Authority	Combined Balance Sheet 1986	Combined Balance Sheet 1985 (Restated)
\$	\$	\$	\$	\$	\$	\$	\$ 92,815	\$ 106,830
	14,196	1,719					40,368	36,515
							45,154	48,217
							4,185	11,711
7	220	5,088		666	729	133	165,939	121,210
							6,981	6,585
122				72	109		22,263	21,071
(738)				23 (49)	47 (640)	21,582	6,596	8,150
(609)	14,416	6,807		712	245	21,715	384,301	360,289
					215		9,344	4,357
							22,420	17,015
						14,686	143,406	142,925
							57,636	63,604
							4,123	6,679
							175,737	177,756
			28,434				67,717	53,647
1,479				602			2,683,621	2,565,041
\$ 870	\$ 14,416	\$ 6,807	\$ 28,434	\$ 1,314	\$ 460	\$ 36,401	\$3,548,305	\$3,391,313

Combined Financial Statements

Analysis of Combined Balance Sheet

December 31, 1986
(in thousands of dollars)

	General Government	Combined Utilities	Mill Woods Land Development Enterprise	Land Fund	Equipment Pool
LIABILITIES					
Current Liabilities					
Bank overdraft	\$ 24,764	\$	\$	\$	\$
Accounts payable and accruals	102,319	32,751	390		195
Accrued interest on long-term debt	25,508	44,336			553
Current portion of long-term debt	47,972	55,929		14,404	2,412
Deferred revenue	2,130	8,260			
Utility deposits		6,616			
Advances for construction	21,908	1,406			
	224,601	149,298	390	14,404	3,160
Long-term debt	533,213	1,280,691		30,100	9,117
EQUITY					
Contributed capital surplus	451,166	162,794			480
General Government surplus	14,829				
Utilities retained earnings		361,138			
Mill Woods land development enterprise retained earnings			82,668		
Land Fund surplus				41,064	
Equipment Pool retained earnings					43,190
Self Insurance Fund surplus					
General surplus	24,453				
Sinking Fund surplus					
Research and Development Park Authority deficit					
	490,448	523,932	82,668	41,064	43,670
Reserves for future expenditures	32,847				
	523,295	523,932	82,668	41,064	43,670
	\$1,281,109	\$1,953,921	\$ 83,058	\$ 85,568	\$ 55,947

Water & Sanitation Construction Branch	Self Insurance Fund	Reserves Fund of The City of Edmonton	Sinking Fund of The City of Edmonton	Edmonton Ambulance Authority	Edmonton Convention Centre Authority	Research and Development Park Authority	Combined Balance Sheet	
							1986	1985
								(Restated)
\$	\$	\$	\$	\$ 24	\$ (105)	\$	\$ 24,683	\$ 24,729
870	3,538	5,088	2	553	536	912	147,154	102,691
							70,397	69,937
				378		221	121,316	104,103
					29		10,419	10,084
							6,616	5,865
							23,314	24,689
870	3,538	5,088	2	955	460	1,133	403,899	342,098
				348		35,201	1,888,670	1,901,405
				11		107	614,558	589,564
							14,829	9,493
							361,138	278,411
							82,668	96,066
							41,064	44,879
	10,878						43,190	41,414
							10,878	11,001
			28,432				24,453	22,216
							28,432	24,342
						(40)	(40)	(218)
	10,878		28,432	11		67	1,221,170	1,117,168
		1,719					34,566	30,642
	10,878	1,719	28,432	11		67	1,255,736	1,147,810
\$ 870	\$ 14,416	\$ 6,807	\$ 28,434	\$ 1,314	\$ 460	\$ 36,401	\$3,548,305	\$3,391,313





THE CITY OF EDMONTON
*Combined Utilities
Financial Statements*



Recently installed

digital switching

equipment provides 'edmonton

telephones' customers with the latest

custom-calling and other complex

business features. Compatible with

fibre-optics, message security is also

enhanced with digital switching.

City-owned Utilities

The City owns and operates all major public utility services, with the exception of natural gas. The utilities are Edmonton Power, 'edmonton telephones', Edmonton Water, Edmonton Municipal Airport and Edmonton Sanitary Sewer System.

Utility Fiscal Policy

The administration endeavours to ensure that the users pay the full cost of the utility facilities and services, including an adequate return on capital invested. A fiscal policy has been adopted by City Council to establish utility objectives in the areas of rates setting, municipal taxation and contribution of earnings to the City.

The policy for the five utilities establishes a rate of return on opening equity equal to 15%. Of this rate of return, 60% is required as a contribution of profits to the general revenues of the City. The remaining 40% is retained within the utilities. In addition, the City charges an 8% franchise tax on utility revenues in lieu of property and business taxes and other costs associated with the exclusive rights afforded each utility. This tax is included in the City's general revenues.

Combined Utilities Financial Statements

Balance Sheet

December 31, 1986 and 1985
(in thousands of dollars)

	Edmonton Municipal Airport	
	1986	1985
ASSETS		
Current assets:		
Due from The City of Edmonton	\$ 7,144	\$ 7,360
Accounts receivable less doubtful accounts	463	616
Inventory of material and supplies — at average cost		
Prepaid expenses		
	7,607	7,976
Long-term leases receivable		
Deferred charges:		
Foreign exchange loss		
Debt discount and expense less amortization		
Other		
Property accounts:		
Land, buildings and equipment	21,231	19,732
Less accumulated depreciation	6,514	5,881
	14,717	13,851
Construction in progress	50	110
	14,767	13,961
The City of Edmonton Sinking Fund		
	22,374	21,937
LIABILITIES		
Current liabilities:		
Due to The City of Edmonton		
Accounts payable and accruals	53	112
Accrued interest on long-term debt	136	141
Unearned revenues		
City customer guarantee deposits	58	21
Current portion of long-term debt	161	145
	408	419
Customer advances		
Long-Term debt:		
Debentures payable	3,562	3,723
Provision for foreign exchange		
Capital lease obligations		
	3,562	3,723
EQUITY		
The City of Edmonton	18,404	17,795
Contributions and grants for extensions to plant		
	18,404	17,795
	\$ 22,374	\$ 21,937

Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1986	1985	1986	1985	1986	1985	1986	1985	1986	1985
			Restated						Restated
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
41,730	41,750	90,642	48,557	932	1,635	3,779	8,390	11,855	17,385
4,443	4,465	7,349	6,973	4,140	3,514	7,788	6,677	144,763	101,114
631	640	1,686	4,466	1		1,166	1,003	12,958	12,441
						24	14	2,342	5,120
46,804	46,855	99,677	59,996	5,073	5,149	12,757	16,084	171,918	136,060
		9,344	4,357					9,344	4,357
1,459	2,483	982	2,050					2,441	4,533
3,432	4,178	196	247			33	38	3,661	4,463
		48	130					48	130
4,891	6,661	1,226	2,427			33	38	6,150	9,126
521,307	502,181	576,651	574,653	210,936	199,855	421,993	373,712	1,752,118	1,670,133
191,105	173,986	201,728	198,445	46,149	43,087	76,113	68,436	521,609	489,835
330,202	328,195	374,923	376,208	164,787	156,768	345,880	305,276	1,230,509	1,180,298
543,324	433,328	14,473	23,948	4,128	4,836	3,859	31,673	565,834	493,895
873,526	761,523	389,396	400,156	168,915	161,604	349,739	336,949	1,796,343	1,674,193
28,390	19,959	6,983	6,252	611	496	635	486	36,619	27,193
953,611	834,998	506,626	473,188	174,599	167,249	363,164	353,557	2,020,374	1,850,929
27,343	31,345	39,110	9,751					66,453	41,096
13,190	11,388	15,218	3,665	1,027	689	3,263	3,496	32,751	19,350
19,746	18,615	13,211	13,794	3,538	3,494	7,705	7,581	44,336	43,625
		8,260	10,042					8,260	10,042
4,274	3,774	1,055	1,013	417	336	812	721	6,616	5,865
26,476	19,142	21,913	22,317	2,965	2,616	4,414	3,951	55,929	48,171
91,029	84,264	98,767	60,582	7,947	7,135	16,194	15,749	214,345	168,149
				52	240	1,354	1,452	1,406	1,692
621,441	575,333	313,078	333,404	107,565	105,160	232,314	229,375	1,277,960	1,246,995
1,598	1,911	1,065	1,275					2,663	3,186
		68	800					68	800
623,039	577,244	314,211	335,479	107,565	105,160	232,314	229,375	1,280,691	1,250,981
209,376	145,375	89,983	73,462	4,542	3,705	38,833	38,074	361,138	278,411
30,167	28,115	3,665	3,665	54,483	51,009	74,469	68,907	162,794	151,696
239,543	173,490	93,648	77,127	59,035	54,714	113,302	106,981	523,932	430,107
\$953,611	\$834,998	\$506,626	\$473,188	\$174,599	\$167,249	\$363,164	\$353,557	\$2,020,374	\$1,850,929

Combined Utilities Financial Statements

Statement of Income

For the Years Ended
December 31, 1986 and 1985
(in thousands of dollars)

	Edmonton Municipal Airport	
	1986	1985
Revenue	\$ 7,686	\$ 8,301
Expenditures:		
Maintenance	2,823	2,831
Operating	1,718	1,797
Franchise Tax	615	664
Depreciation	711	612
Alberta Electrical Marketing Agency Transfer Payments		
	5,867	5,904
Net income (loss) before interest charges	1,821	2,397
Debt interest	439	466
Interest capitalized		
Provincial Government Rebate	(104)	(109)
Other interest	(725)	(755)
Amortization of debt discount and foreign exchange loss		
	(390)	(398)
Net income (loss) before other items	2,211	2,795
Amortization of contributions		
NET INCOME (LOSS)	\$ 2,211	\$ 2,795

Edmonton Power		Edmonton Irrigation		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1986	1985	1986	1985	1986	1985	1986	1985	1986	1985
			Restated						Restated
\$271,295	\$263,024	\$238,178	\$232,335	\$ 28,129	\$ 27,401	\$ 65,599	\$ 60,987	\$610,889	\$592,048
13,338	11,145	32,917	32,831	3,533	8,029	13,561	12,270	66,172	67,106
120,423	141,294	76,993	60,182	10,110	5,398	16,621	17,742	225,865	226,413
21,176	20,231	11,454	12,593	2,222	2,193	4,522	4,216	39,989	39,897
17,201	16,829	50,470	57,099	3,039	3,102	8,147	6,763	79,568	84,405
8,368	(10,660)							8,368	(10,660)
180,506	178,839	171,834	162,705	18,904	18,722	42,851	40,991	419,962	407,161
90,789	84,185	66,344	69,630	9,225	8,679	22,748	19,996	190,927	184,887
72,884	66,589	41,769	43,502	11,944	11,349	30,048	27,539	157,084	149,445
(61,070)	(50,839)	(629)	(2,424)	(88)	(274)	(1,769)	(2,809)	(63,556)	(56,346)
				(2,566)	(2,570)	(7,348)	(7,205)	(10,018)	(9,884)
1,003	3,430	1,085	(896)	(440)	(7)	(1,312)	(708)	(389)	1,064
2,162	1,912	1,186	1,271			11	11	3,359	3,194
14,979	21,092	43,411	41,453	8,850	8,498	19,630	16,828	86,480	87,473
75,810	63,093	22,933	28,177	375	181	3,118	3,168	104,447	97,414
1,275	1,396	199	182	795	781	1,068	1,013	3,337	3,372
\$ 77,085	\$ 64,489	\$ 23,132	\$ 28,359	\$ 1,170	\$ 962	\$ 4,186	\$ 4,181	\$107,784	\$100,786

Combined Utilities Financial Statements

Statement of the City of Edmonton Equity

For the Years Ended
December 31, 1986 and 1985
(in thousands of dollars)

	Edmonton Municipal Airport	
	1986	1985
Balance — January 1		
As previously reported	\$ 17,795	\$ 16,483
Prior Period Adjustment		
As restated	17,795	16,483
Add — Net income (loss) for year	2,211	2,795
Less — Dividend payments to The City of Edmonton	1,602	1,483
Balance — December 31	\$ 18,404	\$ 17,795

Statement of Contributions and Grants for Extensions to Plant

For the Years Ended
December 31, 1986 and 1985
(in thousands of dollars)

	Edmonton Municipal Airport	
	1986	1985
Balance — January 1		
As previously reported	\$	\$
Prior period adjustment		
As restated		
Add — Government grants		
Customer contributions		
Less — Amortization		
Balance — December 31	\$	\$

Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1986	1985	1986	1985	1986	1985	1986	1985	1986	1985
			Restated						Restated
\$145,375	\$ 88,886	\$ 38,569 34,893	\$ 41,488 8,076	\$ 3,705	\$ 3,014	\$ 38,074	\$ 37,245	\$243,518 34,893	\$187,116 8,076
145,375	88,886	73,462	49,564	3,705	3,014	38,074	37,245	278,411	195,192
77,085	64,489	23,132	28,359	1,170	962	4,186	4,181	107,784	100,786
13,084	8,000	6,611	4,461	333	271	3,427	3,352	25,057	17,567
\$209,376	\$145,375	\$ 89,983	\$ 73,462	\$ 4,542	\$ 3,705	\$ 38,833	\$ 38,074	\$361,138	\$278,411

Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1986	1985	1986	1985	1986	1985	1986	1985	1986	1985
			Restated						Restated
\$ 28,115	\$ 26,211	\$ 3,665	\$ 3,621	\$ 51,009	\$ 47,180 1,409	\$ 68,907	\$ 65,730	\$151,696	\$142,742 1,409
28,115	26,211	3,665	3,621	51,009	48,589	68,907	65,730	151,696	144,151
544	317			13	114	10		567	431
2,783	2,983	199	226	4,266	3,087	6,620	4,190	13,868	10,486
3,327	3,300	199	226	4,279	3,201	6,630	4,190	14,435	10,917
1,275	1,396	199	182	795	781	1,068	1,013	3,337	3,372
\$ 30,167	\$ 28,115	\$ 3,665	\$ 3,665	\$ 54,493	\$ 51,009	\$ 74,469	\$ 68,907	\$162,794	\$151,696

Combined Utilities Financial Statements

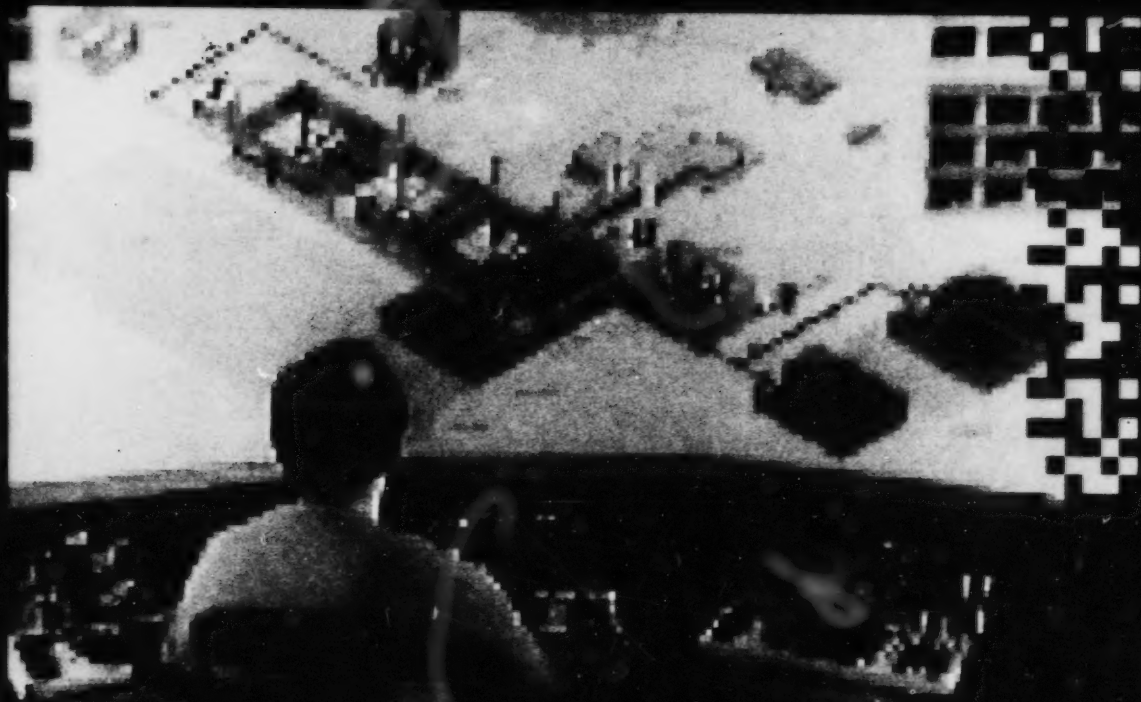
Statement of Changes in Financial Position

For the Years Ended
December 31, 1986 and 1985
(in thousands of dollars)

	Edmonton Municipal Airport	
	1986	1985
Operating Activities		
Funds provided from operations	\$ 2,922	\$ 3,407
Net change in operating working capital	127	(19)
Unearned revenue		
Dividend transferred to The City of Edmonton	(1,602)	(1,483)
Other		
	1,447	1,905
Investing Activities		
Purchase of property, plant and equipment	(1,517)	(1,696)
Inventory reclassified to property, plant and equipment		
Change in working capital		
	(1,517)	(1,696)
Financing Activities		
Issue of long-term debt		
Payment of long-term debt	(145)	(131)
Payment of capital lease obligations		
Customer advances (net)		
Long-term leases receivable		
Other deferred charges		
Sale and disposal of fixed assets		
Additions to contributed capital		
	(145)	(131)
Increase (decrease) in cash position	(215)	78
Cash position at beginning of year	7,360	7,282
Cash position at end of year	\$ 7,145	\$ 7,360

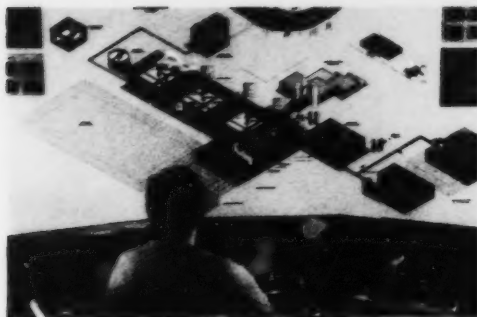
Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1986	1985	1986	1985	1986	1985	1986	1985	1986	1985
			Restated						Restated
\$ 94,826	\$ 81,424	\$74,490	\$ 86,406	\$ 3,414	\$ 3,283	\$ 11,270	\$ 10,187	\$186,922	\$184,707
3,485	(8,588)	(28,669)	(29,590)	(226)	(270)	1,237	(190)	(24,046)	(38,657)
		(1,782)	(776)					(1,782)	(776)
(13,084)	(8,000)	(6,611)	(4,461)	(333)	(271)	(3,427)	(3,352)	(25,057)	(17,567)
		755	367					755	367
85,227	64,836	38,183	51,946	2,855	2,742	9,080	6,645	136,792	128,074
(129,875)	(108,132)	(42,458)	(44,769)	(10,351)	(9,137)	(20,311)	(34,498)	(204,512)	(198,232)
		(1,564)	(2,290)	63	598	(2,539)	2,047	(1,564)	(2,290)
								(2,476)	2,645
(129,875)	(108,132)	(44,022)	(47,059)	(10,288)	(8,539)	(22,850)	(32,451)	(208,552)	(197,877)
65,273	70,210		15,000	5,280	7,300	7,231	26,962	77,784	119,472
(20,252)	(17,487)	(20,181)	(17,802)	(2,641)	(2,350)	(3,978)	(3,392)	(47,197)	(41,162)
		(2,004)	(2,408)					(2,004)	(2,408)
		(4,988)	(4,357)	(188)	91	(98)	(605)	(286)	(514)
(369)	(857)	81	(262)				(1)	(4,988)	(4,357)
671	246	3,373	(449)			(627)		(288)	(1,120)
3,327	3,300	199	226	4,279	3,201	6,630	4,190	3,417	(203)
								14,435	10,917
48,650	55,412	(23,520)	(10,052)	6,730	8,242	9,158	27,154	40,873	80,625
4,002	12,116	(29,359)	(5,165)	(703)	2,445	(4,612)	1,348	(30,887)	10,822
(31,345)	(43,461)	(9,751)	(4,586)	1,635	(810)	8,390	7,042	(23,711)	(34,533)
\$ (27,343)	\$ (31,345)	\$ (39,110)	\$ (9,751)	\$ 932	\$ 1,635	\$ 3,778	\$ 8,390	\$ (54,598)	\$ (23,711)





THE CITY OF EDMONTON

*Schedules,
Analyses and Statistics*



The control console
at the 180 million litre

per day E.L. Smith Water Treatment
Plant. The plant provides Edmonton and
region with potable water from the North
Saskatchewan River.

Schedules, Analyses and Statistics

Statistical Review

For the Years 1982 to 1986

	1986	1985	1984	1983	1982
	(in thousands of dollars, except per capita)				
Population	571,506	560,085	560,085	560,085	551,314
Area — in hectares	70,067	70,067	70,067	70,067	70,067
Building permits	\$ 534,478	\$ 481,420	\$ 333,930	\$ 583,243	\$ 802,627
Assessment:					
Total taxable assessment	\$11,439,140	\$11,275,516	\$11,231,490	\$11,088,987	\$10,889,588
Percentage of total assessment represented by:					
Residential properties	65.5%	65.9%	65.4%	63.7%	62.8%
Commercial properties	34.5%	34.1%	34.6%	36.3%	37.2%
Taxable assessment per capita	\$ 20,016	\$ 20,132	\$ 20,053	\$ 19,799	\$ 19,751
Estimated market value of taxable assessment	\$19,500,000	\$21,520,000	\$23,900,000	\$26,200,000	\$25,000,000
Rates of taxation (mills):					
Single-family residences	24.74	23.56	22.42	22.09	20.59
Multiple-family residences	29.92	28.49	27.11	26.64	24.81
Vacant Residential land	34.17	32.54	30.95		
Commercial and industrial	41.18	40.37	39.35	38.80	36.37
Tax collections, arrears and levy:					
Percentage of current taxes collected	95.9%	95.7%	94.4%	93.7%	91.9%
Percentage of arrears and current taxes collected	102.4%	103.1%	102.8%	103.4%	97.2%
Tax arrears per capita	\$ 83.90	\$ 75.35	\$ 78.90	\$ 84.46	\$ 82.61
Property tax levy per capita	\$ 669.40	\$ 654.78	\$ 634.11	\$ 618.41	\$ 573.95
Revenue:					
General government revenue	\$ 732,691	\$ 706,160	\$ 675,944	\$ 672,868	\$ 605,651
Percentage of revenue:					
Property and business taxes	61.8%	61.2%	62.2%	61.2%	62.6%
Utility contributions	8.9%	8.1%	7.8%	7.3%	7.3%
Grants	11.7%	12.3%	11.7%	11.4%	10.0%
Other	17.6%	18.4%	18.3%	20.1%	20.1%
Long-term debt:					
Debt per capita:					
Self supported	\$ 2,884	\$ 2,924	\$ 2,829	\$ 2,535	\$ 2,313
Tax supported	567	594	569	543	425
	\$ 3,451	\$ 3,518	\$ 3,398	\$ 3,078	\$ 2,738
Current tax supported debt charges as a % of general government revenue	10.7%	10.0%	9.8%	7.3%	5.9%
Per capita tax supported debt as a % of per capita disposable income	4.3%	4.6%	4.6%	4.6%	3.6%
Percentage of total debt to be retired:					
Within 5 years	29.0%	27.2%	26.1%	23.2%	20.3%
Within 10 years	51.8%	48.3%	45.9%	41.6%	36.9%

Schedules, Analyses and Statistics

Analysis of Net Long-Term Debt as at December 31, 1986 and Long-Term Debt and Principal and Interest Payments

For the Year Ended
December 31, 1986

	Long-Term Debt Outstanding		
	Long-Term Debt	Sinking Fund	Net Long-Term Debt
Protection to Persons — Property:			
Fire	\$ 14,354	\$	\$ 14,354
Police	11,046		11,046
Traffic Lights	9,367		9,367
	34,767		34,767
Public Works:			
Workshops, Yards and Equipment	3,699		3,699
Bridges and Approaches	9,277		9,277
Curbs and Sidewalks	301		301
Subways and Tunnels	87		87
Pedestrian Tunnels	202		202
Land	1,013		1,013
Streets and Roadways	100,085		100,085
	114,664		114,664
Storm Sewer and Solid Waste System	48,830	1,042	47,788
Edmonton Transit System	73,704		73,704
Century Place Mortgage	6,912		6,912
Recreation and Community Services:			
Space Sciences Building	4,894		4,894
Parks and Playgrounds	21,176		21,176
Swimming Pools	4,645		4,645
Skating Rinks	1,100		1,100
Community Services	83		83
Parkland Acquisition	266		266
Libraries	3,010		3,010
Ambulance Authority	726		726
Parking Garage	565		565
Health Offices	255		255
Mobile Home Park	1,598		1,598
Miscellaneous	7,856		7,856
	46,174		46,174
Total Debt Subject to Taxation	325,051	1,042	324,009
Municipal Enterprises:			
Edmonton Power and Power Generation	647,689	28,390	619,299
'edmonton telephones'	333,814	6,983	326,831
'edmonton telephones' Leases	1,093		1,093
Edmonton Water	236,728	635	236,093
Sanitary Sewer System	110,530	611	109,919
Edmonton Municipal Airport	3,723		3,723
Local Improvements Property Share	178,158		178,158
Public Housing	19,597		19,597
Royal Alexandra Hospital	4,626		4,626
Mobile Equipment Services	14,280		14,280
Integrated Services Facilities	8,686		8,686
Convention Centre	39,849		39,849
Land Inventory	43,755		43,755
Edmonton Research and Development Park	31,155		31,155
Edmonton Research and Development Park Loan	4,267		4,267
	1,677,950	36,619	1,641,331
Provision for Foreign Exchange	6,985		6,985
Total	\$2,009,986	\$ 37,661	\$1,972,325
Sinking Fund Required Earnings			

Long-Term Borrowing Position		Principal and Interest Payments on Long-Term Debt (Accrued)			
Pending or (Unexpended) Debt Borrowings	Total Long-Term Debt Position	Principal	Interest	Provincial Government Interest Rebate	Total
(in thousands of dollars)					
\$	\$ 14,354	\$ 649	\$ 2,050	\$ 544	\$ 2,155
	11,046	180	1,728	618	1,290
	9,367	1,240	1,329	295	2,274
	34,767	2,069	5,107	1,457	5,719
	3,699	477	492	83	886
	9,277	1,071	880	82	1,869
	301	60	26		86
	87	17	7		24
	202	14	16		30
	1,013	364	82		446
(23,972)	76,113	11,693	13,356	2,621	22,428
(23,972)	90,692	13,696	14,859	2,786	25,769
1,274	49,062	5,761	5,955	1,077	10,639
(4,426)	69,278	6,024	11,044	3,131	13,937
	6,912	5,963	705		6,668
	4,894	40	650	110	580
	21,176	2,992	2,861	593	5,260
	4,645	241	695	237	699
	1,100	140	80		220
	83	10	6		16
	266	49	34	4	79
	3,010	505	356	66	795
	726	330	116	20	426
	565	121	37		158
	255	20	20		40
	1,598	20	204	56	168
180	8,036	734	1,145	394	1,485
180	46,354	5,202	6,204	1,480	9,926
(26,944)	297,065	38,715	43,874	9,931	72,658
27,343	646,642	18,903	70,895		89,798
	326,831	19,860	41,770		61,630
	1,093	2,059	530		2,589
(3,779)	232,314	3,952	30,083	7,353	26,682
(932)	108,987	2,616	12,859	2,902	12,573
	3,723	145	440	104	481
4,180	182,338	6,584	22,329	5,532	23,381
	19,597	217	1,615	45	1,787
	4,626	80	596	122	554
	14,280	2,924	2,321	640	4,605
	8,686	88	1,368	420	1,036
	39,849	313	6,088	1,870	4,531
	43,755	12,463	7,911	2,617	17,757
(21,582)	9,573	191	4,851	1,408	3,634
	4,267	239			239
5,230	1,646,561	70,634	203,656	23,013	251,277
	6,985				
\$ (21,714)	\$1,950,611	\$ 109,349	\$ 247,530	\$ 32,944	\$ 323,935
		\$ 1,766			
		\$ 111,115			

Schedules, Analyses and Statistics

Schedule of Taxation

December 31, 1986 and 1985

	1986	1985
	(in thousands of dollars)	
Property Taxes:		
Arrears — January 1	\$ 42,200	\$ 44,189
Add — Penalties	8,155	10,266
— Sundry adjustments	(2,415)	(777)
	47,940	53,678
Add Current year's tax levy:		
Tax levy bylaw	354,974	338,576
Supplementary and partial tax levy and adjustments	623	1,267
Assessment appeals tax reductions	(1,254)	(655)
Municipal and school taxes	354,343	339,188
Special frontage and local improvement taxes	27,621	26,976
Other special charges	614	567
	382,578	366,731
Less Collections:		
Current taxes	364,631	347,736
Arrears of taxes	24,641	27,169
Discount	2,390	3,304
	391,662	378,209
Property tax arrears — December 31	38,856	42,200
Business Taxes:		
Arrears — January 1	21,217	17,598
Add — Penalties	2,315	2,275
— Sundry adjustments	(388)	(3,281)
	23,144	16,592
Add Current year's tax levy	53,020	51,188
Add Convention Centre	4,336	4,400
	57,356	55,588
Less Collections:		
Current taxes	48,095	42,571
Arrears of taxes	5,340	5,193
Discount	1,647	1,917
Taxes written off	920	1,282
	56,002	50,963
Gross business tax arrears	24,498	21,217
Less — Allowance for uncollectible taxes	18,200	15,200
Business tax arrears — December 31	6,298	6,017
Total Tax Arrears (Property and Business)	\$ 45,154	\$ 48,217

Schedules, Analyses and Statistics

Schedule of Funded Debt Transactions

December 31, 1986 and 1985

	Net Debt December 31, 1985	Issues	Redemptions	Net Debt December 31, 1986
(in thousands of dollars)				
Self-Liquidating Debt:				
Utilities	\$1,268,606	\$ 77,608	\$ 49,256	\$1,296,958
Local Improvements	179,743	5,000	6,585	178,158
Hospitals	4,705		80	4,625
Public Housing	19,814		217	19,597
Mobile Equipment Services	17,204		2,924	14,280
Integrated Services Facilities	8,774		88	8,686
Convention Centre	40,163		313	39,850
Land Inventory	56,218		12,463	43,755
Research and Development Park	35,852		430	35,422
	1,631,079	82,608	72,356	1,641,331
Debt Subject to Taxation:				
General	285,166	24,009	32,954	276,221
Storm Sewer and Solid Wastes	53,594		5,806	47,788
	338,760	24,009	38,760	324,009
Sub-Total	\$1,969,839	\$106,617	\$111,116	\$1,965,340
Provision for Foreign Exchange	7,902			6,985
Total	\$1,977,741			\$1,972,325

DISTRIBUTION OF NET LONG-TERM DEBT - PER CAPITA



As at December 31, 1986 projects pending debenture funds amounted to \$5.230 million for self-liquidating and unexpended funds of \$26.944 million for tax-supported projects.

Schedules, Analyses and Statistics

Statement of Interest Rates on Long- Term Debt

December 31, 1986
(in thousands of dollars)

Percentage Rate of Interest	Long-Term Debt	Annual Interest
0.000	\$ 4,267	\$ 0
3.500	8	0
4.000	39	2
4.500	273	12
5.250	534	28
5.375	2,336	126
5.625	34	2
5.750	10,429	600
5.875	52	3
6.000	6,373	382
6.375	213	14
6.670	626	42
6.750	3,360	227
6.830	128	9
6.875	2,175	150
7.000	368	26
7.500	19,125	1,433
7.534	326	25
7.625	5,289	402
7.750	37,528	2,908
7.875	3,412	269
8.000	17,214	1,377
8.031	642	52
8.125	6,000	488
8.250	5,341	440
8.500	49,872	4,239
8.750	6,850	599
9.000	13,273	1,195
9.250	103,146	9,541
9.375	57,486	5,389
9.500	62,826	5,968
9.750	101,938	9,939
9.875	32,744	3,233
10.000	63,019	6,302
10.125	206	21
10.375	15,728	1,632
10.500	80,283	8,430
10.875	2,517	274
11.000	783	86
11.125	28,161	3,133
11.250	50,000	5,625
11.500	37,482	4,310
11.750	49,959	5,870
12.000	36,998	4,440
12.250	100,000	12,250
12.375	25,722	3,183
12.500	1,992	249
12.625	31,304	3,952
12.750	12,378	1,578
12.875	67,606	8,704
13.000	67,087	8,721
13.125	9,438	1,239
13.250	41,224	5,462
13.375	1,079	144
13.500	14,724	1,988
13.625	11,216	1,528
13.750	196,423	27,008
14.000	8,960	1,254
14.250	3,717	530
14.500	2,076	301
15.250	40,959	6,246
16.000	129,053	20,649
16.250	49,455	8,036
16.500	111,381	18,378
17.000	42,304	7,192
18.125	49,299	8,935
19.000	66,241	12,586

Schedules, Analyses and Statistics

Statement of Interest Rates on Long- Term Debt — continued

December 31, 1986
(in thousands of dollars)

Gross Debt	2,003,001	\$ 249,356
Sinking Fund	37,661	
Sub-Total	\$1,965,340	
Provision for Foreign Exchange	6,985	
Net Debt	\$1,972,325	
Average Annual Interest Rate	$\frac{249,356}{2,003,001} \times 100 = 12.45\%$	

Summary of Outstanding Long-Term Debt

December 31, 1986

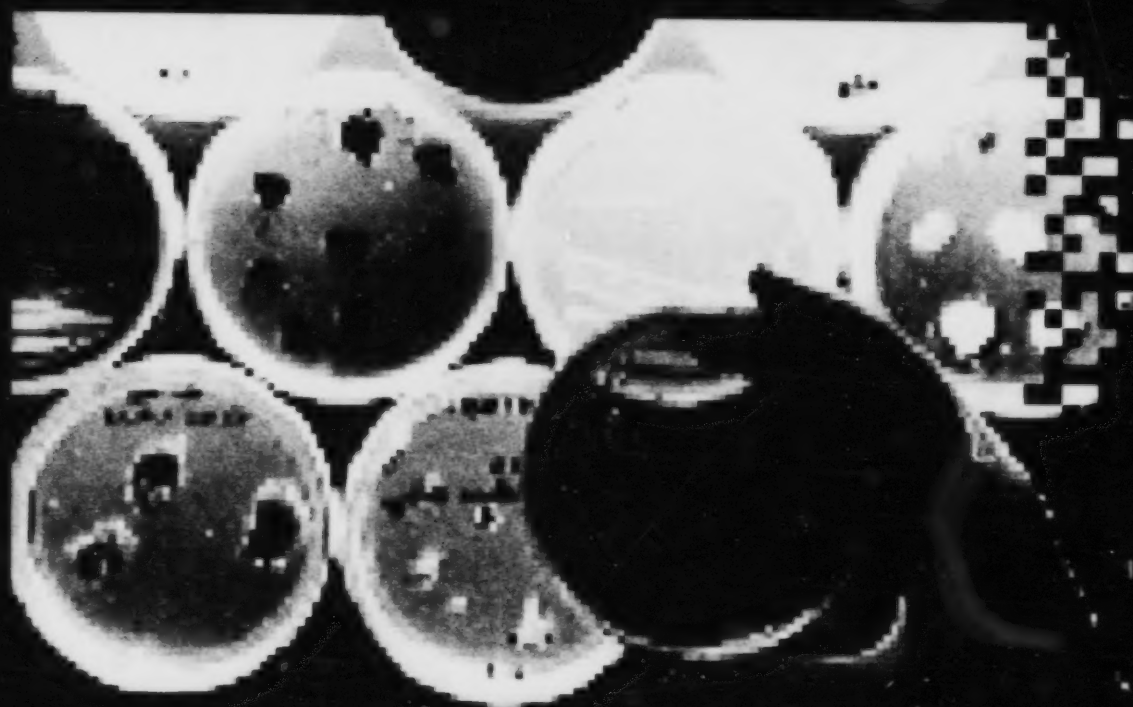
(in thousands of dollars)

Debenture Debt Issued To:	
Alberta Municipal Financing Corporation	\$1,618,313
General Public	303,822
Central Mortgage and Housing Corporation	5,812
Province of Alberta	1,901
Alberta Housing Corporation	2,138
Research Park Loan — Alberta Housing Corporation	4,267
J. Henry Schroder & Wagg Co.	39,708
Municipal Development and Loan Board	1,761
Government of Canada	1,107
City of Edmonton Sinking Fund	320
	1,979,149
Mortgages Issued To:	
Municipal Development and Loan Board	1,830
Central Mortgage and Housing Corporation	14,018
Montreal Trust Company	6,911
	22,759
Leases Issued To:	
Northern Telecom	783
First City Trust	310
	1,093
Provision For Foreign Exchange	6,985
Total Long-Term Debt	\$2,009,986
The Long-Term debt of The City of Edmonton is payable in the following currency and amounts:	
Canadian Dollars	\$1,991,626
U.S. Dollars	18,360
	\$2,009,986

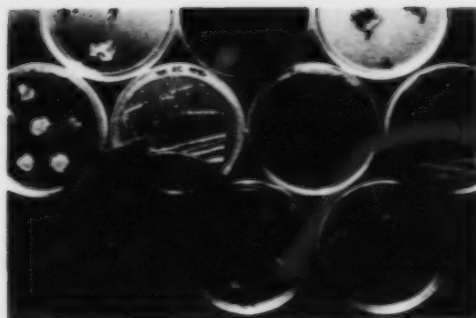
Schedules, Analyses and Statistics

Annual Long-Term Debt Service Charges

Year	Self-Liquidating				Debt Subject to Taxation				
	Principal	Interest	Rebate	Sub-Total	Principal	Interest	Rebate	Sub-Total	Total
	(in thousands of dollars)								
1987	\$ 82,348	\$189,725	\$16,504	\$255,569	\$39,847	\$36,377	\$5,951	\$70,273	\$325,842
1988	63,102	183,159	15,739	230,522	44,138	31,631	5,506	70,263	300,785
1989	117,306	175,892	15,131	278,067	31,665	27,690	5,156	54,199	332,266
1990	76,408	166,008	14,492	227,924	31,901	24,430	4,845	51,486	279,410
1991	76,613	159,270	13,929	221,954	20,090	21,912	4,579	37,423	259,377
1992	77,469	152,192	13,493	216,168	12,830	20,363	4,315	28,878	245,046
1993	76,223	139,623	13,025	202,821	11,380	18,966	4,068	26,278	229,099
1994	76,351	130,737	12,507	194,581	10,743	17,317	3,821	24,239	218,820
1995	82,279	122,561	11,922	192,918	10,660	15,921	3,542	23,039	215,957
1996	88,316	113,742	11,275	190,783	11,557	14,465	3,232	22,790	213,573
1997	88,478	104,322	10,551	182,249	11,034	13,032	2,938	21,128	203,377
1998	93,840	95,093	9,744	179,189	8,706	11,765	2,656	17,815	197,004
1999	94,607	85,724	8,848	171,483	9,894	10,507	2,359	18,042	189,525
2000	90,430	75,911	7,865	158,476	10,831	9,078	2,021	17,888	176,364
2001	87,387	66,852	6,845	147,394	10,693	7,506	1,650	16,549	163,943
2002	75,728	58,481	5,788	128,421	9,233	6,086	1,333	13,986	142,407
2003	70,860	47,703	4,722	113,841	7,436	5,078	1,103	11,411	125,252
2004	61,541	37,315	3,598	95,258	8,458	4,002	858	11,602	106,860
2005	52,007	24,166	2,423	73,750	9,621	2,776	576	11,821	85,571
2006	41,153	12,195	1,324	52,024	8,397	1,433	272	9,558	61,582
2007	30,714	6,795	634	36,875	4,723	440	80	5,083	41,958
2008	12,396	3,613	224	15,785	1,172	48	7	1,213	16,998
2009	8,955	2,298	87	11,166					11,166
2010	4,110	1,335		5,445					5,445
2011	1,403	939		2,342					2,342



THE CITY OF EDMONTON
*Related Authorities –
Financial Statements*



Bacterial growth in
the laboratory of the

Alberta Research Council. Located in the
Edmonton Research and Development
Park, bio-technology research for
agricultural purposes is carried out at the
Research Council facility.

Non-Profit Housing Corporation

Auditors' Report

To the Shareholder

We have examined the balance sheet of The City of Edmonton Non-Profit Housing Corporation as at December 31, 1986 and the statements of revenue and expenditures, surplus and reserves and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph.

Management has advised us that the maintenance of the subsidy reserves required under the Corporation's agreements with Alberta Mortgage and Housing Corporation and Canada Mortgage and Housing Corporation is no longer required. The formula for calculating the replacement reserve has also been amended such that replacement reserves are now funded only for projects in a surplus position (see note 7). However, the amended agreements incorporating these changes have not been executed. Accordingly, we were not able to determine whether any adjustments might be necessary to the replacement and subsidy reserves.

In our opinion, except for the effect of adjustments to the replacement and subsidy reserves, if any, which we might have determined to be necessary had we been able to verify the changes by reference to the amended agreements referred to above, these financial statements present fairly the financial position of the Corporation as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in the summary of significant accounting policies applied, after giving retroactive effect to the change in the method of calculating replacement and subsidy reserves as described in note 7 to the financial statements, on a basis consistent with that of the preceding year.

Edmonton, Canada
February 27, 1987

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Non-Profit Housing Corporation

Balance Sheet

December 31, 1986
(with comparative figures
for 1985)

	1986	1985 (Restated) (in thousands of dollars)
ASSETS		
Current assets:		
Cash and short-term deposits	\$ 177	\$ 201
Accounts receivable	77	47
Prepaid property taxes	48	43
The City of Edmonton — current account	4,974	5,091
Total current assets	5,276	5,382
Fixed assets:		
Housing projects (notes 3 and 4)	47,284	47,224
Less accumulated depreciation	254	146
	47,030	47,078
	\$52,306	\$52,460
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	\$ 15	\$ 19
Deferred revenue	142	180
Tenant deposits	291	282
Rents received in advance	3	4
Current portion of mortgages payable (note 6)	2,677	2,823
Total current liabilities	3,128	3,308
The City of Edmonton loan (note 5)	2,500	2,500
Mortgages payable (note 6)	46,168	46,155
Shareholder's equity:		
Capital stock:		
Authorized 20,000 shares without par value; issued 1 share	1	1
Operating surplus	462	496
Replacement reserve	47	
Total shareholder's equity	510	497
	\$52,306	\$52,460

See accompanying notes to financial statements.

Non-Profit Housing Corporation

Statement of Revenue and Expenditures

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
		(Restated)
		(in thousands of dollars)
Rental revenue	\$3,959	\$3,735
Operating assistance	5,373	5,570
	9,332	9,305
Rental expenditures:		
Interest	7,085	7,294
Property taxes	691	660
Utilities	397	379
Wages and salaries	175	161
Repairs and maintenance	509	399
Management fees	118	113
Insurance	47	47
Advertising	9	9
Inspection fees	2	12
Depreciation	108	56
Other	32	33
Equipment	1	1
	9,174	9,164
Net rental income	158	141
Administration expenses:		
Salaries	97	90
Contract work	26	25
Occupancy	15	15
Other	7	8
	145	138
Excess of revenue over expenditures	\$ 13	\$ 3

See accompanying notes to financial statements.

Non-Profit Housing Corporation

Statement of Surplus and Reserves

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985 (Restated) (in thousands of dollars)
Operating surplus (deficit), beginning of year		
As previously reported	\$ (390)	\$ (146)
Adjustment for cumulative effect on prior years of the change in calculating replacement and subsidy reserves (note 7)	886	670
Adjustment for Urban Management		1
As restated	496	525
Excess of revenue over expenditures	13	3
Transfer to replacement reserve	(47)	
Refund to Canada Mortgage and Housing Corporation		(32)
Operating surplus, end of year	\$ 462	\$ 496
Subsidy reserve, beginning of year		
As previously reported	\$ 36	\$ 39
Adjustment for cumulative effect on prior years of the change in calculating replacement and subsidy reserves (note 7)	36	39
As restated		
Subsidy reserve, end of year	\$ -	\$ -
Replacement reserve, beginning of year		
As previously reported	\$ 850	\$ 631
Adjustment for cumulative effect on prior years of the change in calculating replacement and subsidy reserves (note 7)	850	631
As restated		
Transfer from operating surplus	47	
Replacement reserve, end of year	\$ 47	\$ -

See accompanying notes to financial statements.

Non-Profit Housing Corporation

Statement of Changes in Financial Position

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
		(Restated)
	(in thousands of dollars)	
Operating Activities:		
Excess of revenue over expenditures	\$ 13	\$ 3
Add (deduct):		
Item not affecting cash:		
Depreciation	108	56
Net changes in non-cash working capital		
balances relating to operations:		
Accounts receivable	(30)	11
Prepaid property taxes	(5)	(5)
Accounts payable	(4)	(25)
Deferred revenue	(38)	
Deposits	9	20
Prepaid rents	(1)	1
Refund of operating assistance to Canada		
Mortgage and Housing Corporation		(32)
Cash provided by operating activities	52	29
Investing activities:		
Additions to housing projects	(60)	(19)
Cash applied to investing activities	(60)	(19)
Financing activities:		
Repayment of long-term debt	(133)	(56)
Cash applied to financing activities	(133)	(56)
Decrease in cash	(141)	(46)
Cash, beginning of year	5,292	5,338
Cash, end of year	\$5,151	\$5,292

Cash is comprised of cash and short-term deposits and The City of Edmonton current account.

See accompanying notes to financial statements.

Non-Profit Housing Corporation

Notes to Financial Statements

December 31, 1986

1. AUTHORITY AND ACTIVITY:

The Corporation was established for the purpose of providing non-profit housing for the citizens of The City of Edmonton. City Council authorized the establishment of the Corporation by approving Bylaw No. 5107 on September 8, 1977. The City of Edmonton is the sole shareholder of the Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Fixed assets:

Housing projects are valued at cost. Interest, property taxes and administration expenses incurred during construction are capitalized to the cost of the projects. Revenue generated from the project up to the interest adjustment date is netted against the cost of the project. The housing projects are depreciated at an amount equal to the principal repayment on related mortgages.

Purchases of office equipment are charged to operations in the year of purchase and gross proceeds on any disposals are recorded as revenue.

(b) Operating assistance:

Operating assistance is a subsidy provided by Canada Mortgage and Housing Corporation and Alberta Mortgage and Housing Corporation to the operating projects to reduce project costs and rentals.

(c) Replacement reserves:

Replacement reserves are required pursuant to the Corporation's agreements with Canada Mortgage and Housing Corporation and Alberta Mortgage and Housing Corporation. The replacement reserves are increased based on specific calculations for the related project and will be used for capital replacement for the project.

(d) Comparative figures:

Certain of the 1985 figures have been reclassified to conform with the 1986 presentation.

3. HOUSING PROJECTS:

	<u>1986</u>	<u>1985</u>
Completed projects:		
Land costs	<u>\$ 8,516,251</u>	\$ 8,516,251
Construction costs	<u>38,717,571</u>	<u>38,661,914</u>
	<u>47,233,822</u>	47,178,165
Pre-development costs	<u>50,216</u>	<u>45,780</u>
Total housing projects	<u>\$47,284,038</u>	<u>\$47,223,945</u>
Number of units:	<u>875</u>	<u>875</u>

4. CAPITALIZED CONSTRUCTION COSTS:

The Corporation has capitalized the following costs incurred during design and construction of projects:

	<u>1986</u>	<u>1985</u>
Interest	<u>\$ 4,435</u>	<u>\$ 4,186</u>

5. THE CITY OF EDMONTON LOAN:

The Corporation has received a loan of \$2,500,000 from The City of Edmonton from funds generated by the Municipal Incentive Grant Program. Interest is charged at the City's short-term investment rate.

Non-Profit Housing Corporation

Notes to Financial Statements — continued

December 31, 1986

6. MORTGAGES PAYABLE:

The mortgages payable, secured by the housing projects, are payable to the Alberta Mortgage and Housing Corporation. Details of the mortgages payable are as follows:

Project	Monthly payment including interest	Interest rate (%)	Mortgage renewal date	Balance Outstanding December 31, 1986, including accrued interest
Elm Park Place	\$14,800	11½	Jan. 1, 1991	\$ 1,457,848
Vermillion Place	8,613	10¾	May 1, 1991	945,512
Barclay Square	37,170	11	July 1, 1991	4,005,903
McCauley	52,718	15½	Aug. 1, 1988	4,231,042
Primrose Place	26,640	11	Aug. 1, 1991	2,872,362
Castle Brae	23,985	11	Sept. 1, 1991	2,588,028
Mission Glen	20,464	11	Sept. 1, 1991	2,208,069
Riverdale	20,989	19¾	July 1, 1987	1,344,720
Castle Close	30,309	18	Sept. 1, 1987	2,116,656
Kameyosek	53,081	18	Nov. 1, 1987	3,706,283
North Callingwood	43,504	18	Nov. 1, 1987	3,037,324
Boyle St. II	56,505	19¾	Jan. 1, 1988	3,606,242
Boyle St. III	62,934	21¼	Jan. 1, 1988	3,751,493
King Edward I	28,589	14¼	July 1, 1988	2,476,178
King Edward II	13,199	14¼	July 1, 1988	1,139,623
Point West	49,766	13¾	Oct. 1, 1988	4,454,077
Lago Lindo	24,919	13½	Nov. 1, 1988	2,265,171
Willowdale	28,967	13½	May 1, 1989	2,638,611
				48,845,142
Less current portion including accrued interest				2,676,301
				<u>\$46,168,841</u>

The approximate repayment of principal over the next five years is as follows:

1987	\$122,000
1988	139,000
1989	158,000
1990	179,000
1991	205,000

7. CHANGE IN BASIS OF ACCOUNTING:

Prior to 1986, the Corporation provided replacement reserves for all projects based on specific calculations designed to provide for capital replacements for the projects. During 1986, the Corporation changed the basis of the calculation of the reserves such that replacement reserves are funded only for projects in a surplus position after allocation of administration expenses. Subsidy reserves are no longer funded.

The calculations as revised recognize that it is appropriate to allocate a portion of surplus revenues to reserves. However, projects with an operating deficit do not generate surplus funds which are available for allocation to reserves and therefore it is inappropriate to establish replacement reserves for these projects.

The change, which has been applied retroactively, reduced the operating deficit by \$886,029 in 1986 and \$670,187 in 1985.

The Edmonton Research and Development Park Authority

Auditors' Report

To the Authority Board Members

We have examined the balance sheet of The Edmonton Research and Development Park Authority as at December 31, 1986 and the statements of operations and deficit and changes in Due from The City of Edmonton for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1986 and the results of its operations and the changes in Due from The City of Edmonton for the year then ended in accordance with the accounting principles described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Edmonton, Canada
February 27, 1987

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Balance Sheet

December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
ASSETS		
Accounts receivable	\$ 133	\$ 57
Due from The City of Edmonton	21,582	21,176
Land held for development and sale (appraised value \$8,365)	11,815	12,498
Rental property (note 4)	2,603	2,730
Construction in progress (note 7)	268	89
	\$36,401	\$36,550
LIABILITIES AND DEFICIT		
Accrued liabilities	\$ 912	\$ 906
Deposits		10
Loan payable (note 5)	4,267	4,506
Debentures payable (note 6)	31,155	31,346
Total liabilities	36,334	36,768
Provincial government grant (note 7)	107	
Deficit	40	218
	\$36,401	\$36,550

See accompanying notes to financial statements.

The Edmonton Research and Development Park Authority

Statement of Operations and Deficit

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
REVENUE:		
Proceeds from sale of land	\$ 501	\$
Less cost of land	686	
Loss on sale	(185)	
Research I rental	267	166
Interest	2,300	2,318
	2,442	2,484
EXPENSES:		
Marketing and administration:		
Salaries and benefits	160	143
Bad debts	52	
Office rent and parking	29	29
Legal, auditing and financial services	26	10
Marketing and promotion	22	20
Furnishings and equipment	19	23
Board	8	7
Travel and training	7	6
Supplies, postage and courier	7	8
Advertising and brochures	5	14
Consultants and service contracts	3	17
Miscellaneous	2	1
	340	278
Research Park operations:		
Grounds maintenance	30	46
Building maintenance	26	14
Building utilities	11	9
Snow removal	3	3
	70	72
Interest	3,442	3,462
Depreciation	229	278
	4,091	4,090
Excess of expenses over revenue	1,639	1,606
Deficit, beginning of year	218	715
Funding from The City of Edmonton	(1,817)	(2,103)
Deficit, end of year	\$ 40	\$ 218

See accompanying notes to financial statements.

The Edmonton Research and Development Park Authority

Statement of Changes in Due from The City of Edmonton

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Operating activities:		
Excess of expenses over revenue	\$ (1,639)	\$ (1,606)
Charges to income not involving cash:		
Depreciation	229	278
Loss on sale of land	185	
Proceeds from sale of land	501	
Decrease in accounts receivable	31	17
Increase (decrease) in deposits	(10)	10
Decrease in accrued liabilities	(3)	(21)
Funding applied to operating activities	(706)	(1,322)
Investing activities:		
Additions to land held for development and sale	(3)	(139)
Additions to rental property	(102)	(127)
Additions to construction in progress	(179)	(89)
Increase in accrued liabilities	9	(24)
Funding applied to investing activities	(275)	(379)
Financing activities:		
Funding of prior years' deficit by The City of Edmonton	218	715
Funding of current operations by The City of Edmonton	1,599	1,388
Repayment of loan payable	(239)	
Repayment of debenture payable	(191)	(166)
Provincial government assistance	107	
Increase in receivable from provincial government	(107)	
Funding provided by financing activities	1,387	1,937
Increase in due from The City of Edmonton	406	236
Due from The City of Edmonton, beginning of year	\$21,176	\$20,940
Due from The City of Edmonton, end of year	\$21,582	\$21,176

See accompanying notes to financial statements.

The Edmonton Research and Development Park Authority

Notes to Financial Statements

December 31, 1986

1. AUTHORITY AND ACTIVITY:

On April 25, 1979, The City of Edmonton authorized the development of The Edmonton Research and Development Park including provisions for servicing the lands. On May 22, 1980, the Provincial Government proclaimed Bill PR2, The Edmonton Research and Development Park Authority Act, which created The Edmonton Research and Development Park Authority ("the Authority") as a Body Corporate. The Authority was established for the purpose of acquiring, planning, developing and servicing lands designated for Research and Development Park use.

On October 29, 1980, City Council authorized the Commission Board to execute the Operating Agreement between The City of Edmonton and the Authority. The Authority is operating as a separate entity within The City of Edmonton.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- (a) Balance sheet:
The Authority, as a real estate developer, has not classified its balance sheet as to current and non-current assets and liabilities. This is consistent with the recommendation of the Canadian Institute of Public Real Estate Companies.
- (b) Land held for development and sale:
Land held for development and sale is carried at cost, which exceeded the appraised value by \$3,450,203 at December 31, 1986. The interest on debentures issued, net of interest revenue on amount due from The City of Edmonton, was capitalized until 1984 when the resulting cost approximated the net realizable value of the land. Interest expense on debentures and interest revenue are now operating items.
- (c) Rental property:
Depreciation on buildings and tenant improvements is provided on the straight-line basis at the following rates:
- | | |
|---------------------|----------|
| Buildings | 25 years |
| Tenant improvements | 5 years |
- (d) Provincial government grant:
Provincial government assistance received towards the construction of the proposed Advanced Technology Center has been deferred and will be amortized to income on a straight-line basis over the life of the building.

In all other respects, these financial statements are in accordance with generally accepted accounting principles.

3. LAND HELD FOR DEVELOPMENT AND SALE:

The City of Edmonton holds title to the lands in trust. However, under the Operating Agreement the Authority has the right to request The City to convey title to the Authority or to a purchaser designated by the Authority.

	1986	1985
Land, at cost	\$ 7,112,306	\$ 7,525,582
Land services & improvements, at cost	4,702,697	4,972,518
	<u>\$11,815,203</u>	<u>\$12,498,100</u>

The appraised value of the land held for sale was \$8,365,000 on November 17, 1986.

The Edmonton Research and Development Park Authority

Notes to Financial Statements — continued

December 31, 1986

4. RENTAL PROPERTY:

The Authority owns a multi-tenant building in which it leases space.

	1986	1985
Building, at cost	\$1,487,997	\$1,487,996
Tenant improvements, at cost	1,193,070	1,092,105
	2,681,067	2,580,101
Accumulated depreciation	506,714	277,940
	2,174,353	2,302,161
Land, at cost	428,113	428,113
	<u>\$ 2,602,466</u>	<u>\$ 2,730,274</u>

5. LOAN PAYABLE:

On December 11, 1980, Alberta Housing Corporation agreed to lend The City of Edmonton funds to a maximum amount of \$5,000,000 to be used for local improvements required in connection with the development of a Research Park.

The loan is due and payable on December 12, 1990, and will bear interest at a per diem market interest rate. Until such time, The City of Edmonton will repay the loan on sale, lease, or other disposition of the lands with no interest charged on the amount advanced. There was a repayment of \$239,590 for 2.47 hectares in 1986.

Under the terms of the Agreement, title to the Authority's lands has been encumbered to protect the interests of Alberta Housing Corporation.

6. DEBENTURES PAYABLE TO ALBERTA MUNICIPAL FINANCING CORPORATION:

In 1981, debentures for \$5,500,000 at 18.125% and \$6,000,000 at 19.0% issued by The City of Edmonton were allocated to the Authority. The debentures are repayable in equal annual instalments of principal and interest of \$2,167,535 through 2006.

In 1984, additional debentures for \$122,363 at 13.75% and \$20,000,000 at 13.75% issued by The City of Edmonton were allocated to the Authority. These debentures are payable in equal annual instalments of principal and interest of \$2,881,876 through 2009.

The debentures are eligible for the Alberta Government interest rebate which reduces the effective interest rate to 11% per year. The payments below reflect the effect of the rebate.

The payments required over the next five years are as follows:

Year	Principal	Interest	Total
1987	\$220,473	\$3,427,016	\$3,647,489
1988	311,243	3,402,742	3,713,985
1989	354,394	3,368,506	3,722,900
1990	403,527	3,329,522	3,733,049
1991	459,473	3,285,134	3,744,607

7. PROVINCIAL GOVERNMENT GRANT:

The Authority has incurred costs of \$267,955 relating to the design of the proposed Advanced Technology Center. The Province of Alberta has agreed to provide a cash grant for the development and construction of the Center. The grant is calculated as two-fifths of costs incurred by the Authority and is not to exceed \$2,000,000. The total capital cost of the Center is estimated to be \$5,000,000.

8. COMPARATIVE FIGURES:

Certain of the 1985 figures have been reclassified to conform with the 1986 presentation.

The Edmonton Ambulance Authority

Auditors' Report

To the Chairman and the Members of the
Board of Directors of The Edmonton
Ambulance Authority

We have examined the balance sheet of The Edmonton Ambulance Authority as at December 31, 1986 and the statements of revenue and expenditures and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1986 and the results of its operations and changes in financial position for the year then ended in accordance with generally accepted accounting principles for non-profit organizations applied, except for the change in the method of accounting for disposals of fixed assets as explained in note 1 to the financial statements, on a basis consistent with that of the preceding year.

Edmonton, Alberta
March 25, 1987

Watson & Partners
Chartered Accountants

Balance Sheet

December 31, 1986

	1986	1985
	(in thousands of dollars)	
ASSETS		
Current Assets		
Accounts receivable, net of allowance for doubtful accounts	\$ 666	\$ 691
Inventory (note 3)	72	40
Prepaid expenses	23	23
Due from The City of Edmonton (note 4)		148
Total current assets	761	902
Fixed assets (notes 5 and 9)	602	791
Total assets	\$1,363	\$1,693
LIABILITIES AND SURPLUS		
Current Liabilities		
Bank overdraft	\$ 24	\$ 51
Accounts payable	553	455
Current portion of long-term debt (note 6)	378	386
Due to The City of Edmonton (note 4)	49	
Total current liabilities	1,004	892
Long-term debt (note 6)	348	782
Total liabilities	1,352	1,674
Contributed surplus (note 7)	11	19
Total liabilities and surplus	\$1,363	\$1,693

The Edmonton Ambulance Authority

Statement of Revenue and Expenditures

For the Year Ended
December 31, 1986

	1986	1985
	(in thousands of dollars)	
REVENUE		
Ambulance services	\$4,920	\$4,411
Miscellaneous	13	12
	4,933	4,423
EXPENDITURES		
Labour, salaries and employee benefits	4,490	4,133
Vehicle, plant and equipment	591	621
Ambulance services	240	233
Communications	188	194
Administrative services	106	91
Debt service costs	95	130
Capital equipment	14	70
Strike		63
	5,724	5,535
Excess of expenditures over revenue before other items	791	1,112
Other items		
Depreciation and amortization (note 9)	\$ 306	\$ 277
Amortization of contributed surplus	(8)	(28)
Loss on disposal of fixed assets	3	
	301	249
Deficit before The City of Edmonton subsidy (note 9)	1,092	1,361
The City of Edmonton subsidy	1,092	1,361
GENERAL SURPLUS	\$	\$

The Edmonton Ambulance Authority

Statement of Changes in Financial Position

For the Year Ended
December 31, 1986

	1986	1985
	(in thousands of dollars)	
Cash was provided by		
Financing activities		
Expenditures, transfers from The City of Edmonton (note 4)	\$1,289	\$1,479
Operations		
Proceeds on disposal of fixed assets	3	74
Decrease in non-cash operating assets		6
Increase in accounts payable	97	64
	100	144
Cash provided	1,389	1,623
Cash was used for		
Operations		
Deficit before The City of Edmonton subsidy	1,092	1,361
Add (deduct) items which do not require a current outlay of cash		
Depreciation and amortization	(306)	(277)
Amortization on contributed surplus	8	28
Loss on disposal of fixed assets	(3)	
	791	1,112
Increase in non-cash operating assets	8	
	799	1,112
Investing activities		
Purchase of fixed assets	121	395
Financing activities		
Repayment of long-term debt	442	177
Cash used	1,362	1,684
Increase (decrease) in cash	27	(61)
Cash (bank overdraft) at beginning of year	(51)	10
BANK OVERDRAFT AT END OF YEAR	\$ 24	\$ 51

The Edmonton Ambulance Authority

Notes to Financial Statements

For the Year Ended
December 31, 1986

The Edmonton Ambulance Authority began operations on July 1, 1981 to provide ambulance and pre-hospital medical services to the residents of The City of Edmonton. The initial assets were acquired from Smith's Ambulance (1962) Ltd.

1. CHANGE IN ACCOUNTING POLICY:

During the year the Authority changed its accounting policy with respect to the treatment of gains or losses on the disposal of fixed assets. Disposals of fixed assets in prior years were accounted for by reducing the cost base of the remaining assets by the amount of proceeds received. The method adopted during the current year records the gain or loss on disposal of fixed assets as an income statement item with both the original cost of the asset and the accumulated depreciation on that asset being removed from their respective costs pools. Also fixed assets fully depreciated as at the balance sheet date, and their related accumulated depreciation, are removed from their respective cost pools. Management feels this method reflects the effect of these transactions on the activities of the Authority more accurately.

2. SIGNIFICANT ACCOUNTING POLICIES:

a) Fixed assets

Automotive and ambulance equipment acquired subsequent to the purchase of Smith's Ambulance and prior to January 1, 1987 are depreciated over the same amortization period as the long-term debt which they secure.

Automotive and ambulance equipment acquired subsequent to December 31, 1986 will be depreciated on a straight-line basis as follows:

Orion II	17 years
High top ambulance	3 years
Modular ambulances	
— box	9 years
— chassis	3 years

Office furnishings, computers, training and communication equipment are expensed in the year of acquisition.

Disposals of fixed assets are accounted for by recording the gain or loss on disposal as an income statement item with both the original cost of the asset and its related accumulated depreciation being removed from the financial statements.

b) Inventory

Inventory is valued at the lower of cost and net realizable value.

c) Contributed surplus — general

Assets acquired through grants or contributions are recorded at their full cost with a corresponding increase to contributed surplus. These assets are depreciated on the same basis as similar automotive and ambulance equipment. The offsetting contributed surplus is amortized to income using the same basis as the donated assets are depreciated.

Contributed surplus presently has been accounted for as follows:

The Northern and Central Alberta Perinatal Program contributed one Neonatal Ambulance costing \$60,000, which was amortized over three years. The vehicle was completely amortized in 1984.

The Downtown Lions Club of Edmonton contributed \$31,775 to fund a 1982 equipment purchase which is being amortized over five years. The Lions Club of Jasper Place contributed \$7,385 to fund a 1984 equipment purchase which is being amortized over five years.

d) Contributions of The City of Edmonton

The City of Edmonton 1986 budgeted contribution was \$1,723,000. The actual contribution is \$1,091,907 which is the amount equal to the excess of expenditures over revenue for the 1986 year.

The Edmonton Ambulance Authority

Notes to Financial Statements — continued

For the Year Ended
December 31, 1986

3. INVENTORY

	1986	1985
Medical supplies	\$38,504	\$16,466
Vehicle parts and supplies	33,695	23,520
	<u>\$72,199</u>	<u>\$39,986</u>

4. DUE (TO) FROM THE CITY OF EDMONTON

	1986	1985
Due from The City of Edmonton, at beginning of year (note 9)	\$ 148,283	\$ 265,376
Expenditures, transfers	(1,288,813)	(1,478,525)
Deficit before subsidy	1,091,907	1,361,432
	<u>\$ (48,623)</u>	<u>\$ 148,283</u>
Due (to) from The City of Edmonton at end of year		

5. FIXED ASSETS

	1986			1985
	Cost	Accumulated Depreciation	Net	Net
Automotive and ambulance equipment	\$1,311,126	\$ 709,423	\$ 601,703	\$ 791,562

6. LONG-TERM DEBT

	1986	1985
Non interest loan, payable \$56,036 per year principal.	\$	\$ 112,072
16% debenture, payable \$267,844 per year principal and interest, due May, 1987	230,900	429,952
12¾% debenture, payable \$99,117 per year, principal and interest, due December, 1989	236,536	298,690
11½% debenture, payable \$106,853 per year, principal and interest, due March, 1989	258,864	327,997
	<u>726,300</u>	1,168,711
Less principal amount due within one year	377,829	386,375
	<u>\$ 348,471</u>	<u>\$ 782,336</u>

Approximate principal repayments within each of the next three years are as follows:

1987	\$377,829
1988	164,437
1989	184,034
	<u>\$726,300</u>

The Edmonton Ambulance Authority

Notes to Financial Statements — continued

For the Year Ended
December 31, 1986

7. CONTRIBUTED SURPLUS

	1986			1985
	Cost	Accumulated Amortization	Net	Net
Equipment	\$ 39,160	\$ 28,374	\$ 10,786	\$ 18,618
Neonatal unit	60,000	60,000		
	<u>\$ 99,160</u>	<u>\$ 88,374</u>	<u>\$ 10,786</u>	<u>\$ 18,618</u>

8. LONG-TERM LEASES

Total rental paid in respect of leased premises for the year ending December 31, 1986, amounted to \$230,753. Minimum rentals for each of the next five years are as follows:

1987	\$206,309
1988	152,809
1989	152,809
1990	152,809
1991	152,809
	<u>\$817,545</u>

9. CORRECTION OF PRIOR PERIOD ERROR

During the fiscal year, an error reflected on the financial statements of the Authority for the year ended December 31, 1985 was determined.

The nature of the error was an overstatement of depreciation and amortization expense and a corresponding overstatement of The City of Edmonton subsidy in the amount of \$62,031 for the year ended December 31, 1985.

The comparative figures of the financial statements for December 31, 1985 have been restated to correct the error.

The effects of the correction of this error on the financial statements for the prior period are as follows:

	December 31, 1985 as previously reported	December 31, 1985 as restated
Depreciation and amortization	\$ 339,185	\$ 277,154
The City of Edmonton subsidy	\$1,423,463	\$1,361,432
Due from The City of Edmonton	\$ 210,314	\$ 148,283
Fixed assets	<u>\$ 729,531</u>	<u>\$ 791,562</u>

10. CONTINGENT LIABILITY

The Authority is currently involved in a labour arbitration. If the Authority is unsuccessful in the arbitration, management has determined that an additional liability of \$10,000 to \$20,000 could result for The Edmonton Ambulance Authority.

The Edmonton Convention Centre Authority

Auditors' Report

To the Members of
The Edmonton Convention Centre Authority

We have examined the balance sheet of The Edmonton Convention Centre Authority as at December 31, 1986 and the statements of operations and The City of Edmonton funding, The City of Edmonton advance and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

The financial statements for the preceding year were examined by other Chartered Accountants.

Edmonton, Canada
February 27, 1987

Clarkson Gordon
Chartered Accountants

Balance Sheet

December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
ASSETS		
Current assets:		
Cash	\$ 105	\$ 848
Accounts receivable (Note 3)	729	129
Inventories	109	39
Prepaid expenses and deposits (Note 4)	47	
Total current assets	990	1,016
Leasehold improvements, at cost	339	252
Accumulated amortization	124	98
	215	154
	\$1,205	\$1,170
LIABILITIES		
Current liabilities:		
Outstanding cheques less cash balance	\$ 96	\$ 96
Accounts payable and accrued liabilities	294	100
Salaries and benefits payable	242	255
Deposits (Note 5)	29	42
The City of Edmonton advance (Note 6)	640	644
Current portion of note payable		33
Total current liabilities	\$1,205	\$1,170

(See accompanying notes)

The Edmonton Convention Centre Authority

Statement of Operations and The City of Edmonton Funding

For the Year Ended
December 31, 1986
(with comparative figures
for 1985)

	(in thousands of dollars)			
	1986			1985
	Restaurants & Lounges	Banquets	Events & Services	Total
Revenue	\$ 295	\$3,310	\$1,041	\$4,646
Cost of sales	110	1,016		1,126
Gross margin	185	2,294	1,041	3,520
Direct operating expenses:				
Salaries, wages and benefits	234	1,170	402	1,806
Laundry and linen	7	81	5	93
Supplies	11	245	31	287
General and administration	10	7	3	20
Advertising and promotion	14			14
Janitorial			109	109
Entertainment	2	102		104
Repairs and maintenance	1	1	4	6
Storage			15	15
Restaurant renovations	41			41
Miscellaneous	3		1	4
Direct operating expenses	323	1,606	570	2,499
	\$ (138)	\$ 688	\$ 471	1,021
Other (income) expense:				
General administration expense				995
Maintenance expense				1,219
Marketing and sales expense				450
Miscellaneous revenue				(146)
				2,518
Excess of expenses over revenue				\$1,497
Funding from The City of Edmonton (Note 6)				\$1,497

(See accompanying notes)

The Edmonton Convention Centre Authority

The City of Edmonton Advance

For The Year Ended
December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
The City of Edmonton advance, beginning of year	\$ 644	\$ 341
Add: Net advances received	1,460	1,934
Current portion of note payable (Note 6)	33	34
	2,137	2,309
Deduct: Funding from the City of Edmonton	1,497	1,665
The City of Edmonton advance, end of year	\$ 640	\$ 644

(See accompanying notes)

Statement of Changes in Financial Position

For The Year Ended
December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Cash provided by (used in) operating activities		
Excess of expenses over revenues	\$(1,497)	\$(1,665)
Add charges to operations not requiring a cash payment		
Amortization	54	59
Fixed assets written off	27	4
Net change in non-cash working capital balances relating to operations (Note 8)	300	(397)
Cash used in operating activities	(1,116)	(1,999)
Cash (used in) investment activities		
Capital expenditures	(143)	(6)
Cash provided by financing activities		
Net advances from the City of Edmonton	1,460	1,934
Net increase (decrease) in cash during the year	201	(71)
Cash (deficiency), beginning of year	(96)	(25)
Cash (deficiency), end of year	\$ 105	\$ (96)

(See accompanying notes)

The Edmonton Convention Centre Authority

Notes to Financial Statements

December 31, 1986

1. Authority and activity

On October 24, 1978, The City of Edmonton authorized the creation of the Edmonton Convention Centre Authority ("the Authority"). The Government of the Province of Alberta proclaimed Bills PR3 and amended by PR14, which created the Authority as a Body Corporate. The Authority was established to develop, maintain, manage and operate a trade and convention centre for The City of Edmonton.

The facility was constructed by The City of Edmonton. The land, building and original equipment are owned by The City of Edmonton.

The City of Edmonton and the Authority entered into a five year Interim Operating Agreement effective June 30, 1982. Operations commenced on May 15, 1983.

2. Significant accounting policies

a) Inventories

Inventories of food, beverage and operating supplies are stated at the lower of cost and replacement cost.

b) Fixed assets

Leasehold improvements relate to the pedway area which is occupied by the Authority's offices and retail tenants. Amortization is provided on the straight-line method over five years commencing from the date of occupancy for Authority offices and over the lease term for retail tenants and office space rentals.

Purchases of replacement china, glass and flatware, furniture, equipment and building renovations are included as expenditures in the current year.

3. Accounts receivable

	1986	1985
Trade accounts receivable	\$565,136	\$750,528
Allowance for doubtful accounts	4,201	18,073
	<u>560,935</u>	<u>732,455</u>
Other	168,492	115,122
	<u>\$729,427</u>	<u>\$847,577</u>

4. Prepaid expenses and deposits

Prepaid expenses	\$ 24,772	\$ 39,305
Deposits	<u>21,847</u>	
	<u>\$ 46,619</u>	<u>\$ 39,305</u>

5. Deposits

Customer deposits	\$ 25,895	\$ 40,822
Tenant deposits	<u>3,775</u>	<u>1,294</u>
	<u>\$ 29,670</u>	<u>\$ 42,116</u>

The Edmonton Convention Centre Authority

Notes to Financial Statements — continued

December 31, 1986

6. Transactions with The City of Edmonton

The City of Edmonton funds an amount equal to the excess of expenses over revenue for the year.

On February 9, 1984, the Authority entered into an agreement with The City of Edmonton to borrow \$100,000 to finance the conversion of pedway retail space to office space. Repayment of this loan was to be made in three instalments due December 31, 1984, January 2, 1985 and January 2, 1986, with interest to be charged at The City of Edmonton's preferred rate commencing January 2, 1985 on the remaining balance. As the instalments have become due the amounts payable have been included in The City of Edmonton advance.

7. Commitments

The Authority's commitments are for maintenance contracts and operating leases of storage space and computer equipment. The Authority's commitments under the remaining terms of these agreements of \$293,209 are payable as follows:

1987	\$229,944
1988	31,531
1989	23,207
1990	8,527

8. Net change in non-cash working capital accounts

The net change in non-cash working capital accounts reflected in the statement of changes in financial position represents the following:

	1986	1985
Decrease (increase) in current assets:		
Accounts receivable	\$ 118,149	\$(396,581)
Inventories	19,868	14,900
Prepaid expenses	(7,314)	114
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	194,166	(55,387)
Salaries and benefits payable	(12,671)	31,725
Deposits	(12,446)	7,915
	<u>\$ 299,752</u>	<u>\$(397,314)</u>

9. Reclassification of comparative figures

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 1986 financial statements.

Edmonton Economic Development Authority

Auditors' Report

To the Chairman and the Members of the
Edmonton Economic Development Authority:

We have examined the balance sheet of the Edmonton Economic Development Authority as at December 31, 1986 and the statement of funds provided and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1986 and the funds provided and expenditures of the Authority for the year then ended in accordance with generally accepted accounting principles for municipal organizations applied on a basis consistent with that of the preceding year.

Edmonton, Alberta
January 29, 1987

Reid & Cameron
Chartered Accountants

STATEMENT 1

Balance Sheet

December 31, 1986
(with comparative figures as at
December 31, 1985)

	1986	1985
	(in thousands of dollars)	
ASSETS		
Amount due from the City of Edmonton	\$ 87	\$158
LIABILITIES		
Cheques issued in excess of bank balance	\$ 55	\$124
Accounts payable	32	34
	\$ 87	\$158

(See accompanying notes)

Edmonton Economic Development Authority STATEMENT 2

Statement of Funds Provided and Expenditures

For The Year Ended
December 31, 1986
(with comparative figures for the
year ended December 31, 1985)

	1986	1985
	(in thousands of dollars)	
Funds provided by the City of Edmonton	\$1,354	\$1,186
Other funds	13	2
	1,367	1,188
Expenditures:		
Advertising	201	221
Computer services	1	1
Consulting fees	9	
Furniture and equipment	67	49
Honoraria	15	12
Labour	10	7
Labour overhead	62	59
Management contract	33	
Miscellaneous, freight and delivery	28	31
Printing, postage and stationery	180	210
Professional fees	34	
Promotion	22	28
Salaries	577	547
Space rent and maintenance	96	100
Transportation	16	14
Travel and training	80	52
Utilities	23	15
	1,454	1,346
Funds to be provided by the City of Edmonton	\$ 87	\$ 158

(See accompanying notes)

Notes to Financial Statements

December 31, 1986

1. Authority

The Edmonton Economic Development Authority ("the Authority") was created by the Edmonton Economic Development Authority Act, a Private Act of the Legislature of the Province of Alberta, in April, 1982. The City of Edmonton provides the Authority with funds which, in the opinion of the Council of the City, are necessary for the operation of the Authority.

2. Accounting Principles

The financial statements have been prepared in accordance with generally accepted accounting principles for municipal organizations.

3. Significant Accounting Policy

Fixed assets

The cost of fixed asset acquisitions and proceeds from fixed asset disposals are charged or credited to expenditures for the year.

4. Comparative Figures

The financial statements for the year ended December 31, 1985 were audited by another firm of chartered accountants.

Edmonton Convention and Tourism Authority

Auditors' Report

To the Board of Directors of
The Edmonton Convention and Tourism Authority

We have examined the balance sheet of the Edmonton Convention and Tourism Authority as at December 31, 1986 and the combined statements of operations, deficit and equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these combined financial statements present fairly the financial position of the Authority as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Edmonton, Alberta
January 27, 1987

Kingston Ross
Chartered Accountants

STATEMENT 1

Combined Statement of Operations

Year ended December 31, 1986

	1986	1985
	(in thousands of dollars)	
REVENUE		
Grants — City of Edmonton	\$ 903	\$ 727
Incentive programs — Province of Alberta	88	83
Memberships	64	61
Co-operative programs, services and sales	108	169
Interest	7	9
Spirit of Edmonton — Grey Cup Committee	34	41
Lottery ticket sales	172	66
Expo 1986	180	
Housing bureau	181	
Rechargeable items	23	15
	1,760	1,171
EXPENSES		
Salaries and benefits — Permanent	328	314
— Part time	98	106
Premises	74	71
Administrative	124	97
Marketing	755	511
Spirit of Edmonton — Grey Cup Committee	37	48
Lottery ticket program	145	56
Housing bureau	181	
Consulting fees	16	
Rechargeable items	27	18
	1,785	1,221
OPERATIONS DEFICIT	\$ 16	\$ 50

Edmonton Convention and Tourism Authority STATEMENT 2

Combined Balance Sheet

December 31, 1986

	1986	1985
	(in thousands of dollars)	
ASSETS		
CURRENT ASSETS		
Cash	\$	\$ 43
Accounts receivable (Note 2)	109	46
Promotional materials	120	24
Prepaid expenses	30	34
	259	147
FIXED ASSETS (Note 3)	42	51
	\$ 301	\$ 198
LIABILITIES AND DEFICIT		
CURRENT LIABILITIES		
Bank indebtedness	\$ 90	\$
Accounts payable	253	197
Deferred membership revenue	24	21
Deferred revenue -- Two for One Promotion		16
	367	234
COMMITMENTS (Note 4)		
DEFICIT	66	36
	\$ 301	\$ 198

STATEMENT 3

Combined Statement of Deficit

Year ended December 31, 1986
(in thousands of dollars)

	Operations	1986 Capital	Total	1985 Total
EQUITY (DEFICIT), BEGINNING OF YEAR	\$ (86)	\$ 50	\$(36)	\$ 31
ADD				
Operations (deficit)	(16)		(16)	(50)
Capital appropriations from operations		6	6	18
	(102)	56	(46)	(1)
DEDUCT				
Capital expenditures	6		6	18
Depreciation and amortization		14	14	17
EQUITY (DEFICIT), END OF YEAR	\$(108)	\$ 42	\$(66)	\$(36)

Edmonton Convention and Tourism Authority STATEMENT 4

Combined Statement of Changes in Financial Position

Year ended December 31, 1986

	1986	1985
	(in thousands of dollars)	
CASH FLOW FROM OPERATIONS		
Operations deficit	\$ (16)	\$ (50)
Changes in operating working capital		
Accounts receivable	(63)	(13)
Advance receivable		20
Promotional materials	(95)	(23)
Prepaid expenses	4	(9)
Accounts payable	56	106
Deferred membership revenue	3	(7)
Deferred revenue — Two for One Promotion	(16)	16
	(111)	90
	(127)	40
CAPITAL EXPENDITURES	(6)	(18)
CASH (REQUIRED) PROVIDED	(133)	22
CASH, BEGINNING OF YEAR	43	21
CASH (BANK INDEBTEDNESS), END OF YEAR	\$ (90)	\$ 43
Cash (bank indebtedness) is represented by		
Cash	\$	\$ 43
Bank indebtedness	(90)	
	\$ (90)	\$ (43)

Notes to the Combined Financial Statements

December 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements include the combined operations of the Edmonton Convention and Tourism Authority and The Spirit of Edmonton — Grey Cup Committee as the Authority controls and is responsible for the operations of this committee.

Promotional Materials

Promotional materials are recorded at cost and are charged to operations as they are utilized in the Authority's activities.

Fixed Assets

(i) Fixed assets purchased are recorded at cost. The Authority provides depreciation and amortization on its fixed assets and allocates these charges directly to equity using the following method and rates:

	Method	Rate
Furniture and fixtures	Straight line	20%
Leasehold improvements	Straight line	Term of lease

(ii) Fixed assets provided by The City of Edmonton are recorded in the accounts at the nominal value of \$1. The most significant of the items are represented by Visitor Information Centres located on Highway 16 at the East and West entrances to the city.

Deferred Membership Revenue

Deferred membership revenue includes both revenue billed in advance and current billings for prospective members.

Edmonton Convention and Tourism Authority

Notes to The Combined Financial Statements — continued

December 31, 1986

2. ACCOUNTS RECEIVABLE

	1986	1985
Membership	\$ 23,649	\$ 20,767
Co-operative programs	14,550	15,800
Spirit of Edmonton	5,261	
Other	65,859	9,256
	<u>\$109,319</u>	<u>\$ 45,823</u>

3. FIXED ASSETS

	1986			1985
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$37,743	\$17,770	\$19,973	\$19,950
Leasehold improvements	46,848	27,537	19,311	28,682
Artworks	3,030		3,030	1,795
	<u>\$87,621</u>	<u>\$45,307</u>	<u>\$42,314</u>	<u>\$50,427</u>

Depreciation and amortization provided for in current year totalled \$14,062; (1985 — \$16,778).

4. COMMITMENTS

Lease Commitments

The Authority leases its administrative office premises and downtown Visitor Information Centre from the Convention Centre Authority in the Edmonton Convention Centre. The Authority also leases space from the Government of Canada at the Edmonton International Airport. Annual rentals under agreements presently outstanding are as follows:

1988	\$45,561
1989	11,349
1990	224
	<u>\$ 57,134</u>

5. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform with current year's presentation.



THE CITY OF EDMONTON

*Special Funds —
Financial Statements*



Operating its own

utilities the Corporation

of the City of Edmonton manages a \$1.5

billion budget, the largest civic budget in

Canada.

The Sinking Fund of The City of Edmonton

Auditors' Report

To His Worship the Mayor and Council,
The City of Edmonton

We have examined the balance sheet of The Sinking Fund of The City of Edmonton as at December 31, 1986 and the statements of earnings and unappropriated surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Sinking Fund of The City of Edmonton as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
April 6, 1987

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Balance Sheet

December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
ASSETS		
Cash	\$ 6	\$ 1
Short-term investments — at cost:		
The City of Edmonton	490	3,075
Commercial paper	54,544	38,630
	55,034	41,705
Accrued interest on investments	1,067	1,137
Due from The City of Edmonton	5	8
Deferred foreign exchange loss	644	675
Bonds and debentures, at amortized cost (note 2)	10,961	10,121
	\$67,717	\$53,647
LIABILITIES, RESERVES AND SURPLUS		
Accounts payable	\$ 2	\$ 4
Reserves for debt retirement:		
9¼% Series U due September 1, 1990	3,782	3,450
9¼% Series W due December 15, 1990	3,252	2,641
8¾% Series Y due August 4, 1991	2,664	2,420
8½% Series AA due May 15, 1992	4,279	3,867
8 % Series AB due June 15, 1992	4,261	3,851
12¼% Series DB due March 15, 1993	12,656	8,189
9 % Series CB due March 1, 1994	934	456
12¼% Series EB due June 14, 2003	4,470	2,893
11¼% Series IB due December 17, 2005	1,363	
Allowance for exchange costs at maturity	1,622	1,534
Total reserves for debt retirement	39,283	29,301
Unappropriated surplus	28,432	24,342
	\$67,717	\$53,647

See accompanying notes to financial statements.

The Sinking Fund of The City of Edmonton

Statement of Changes in Financial Position

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
INVESTING ACTIVITIES:		
Earnings before amortization of deferred foreign exchange loss	\$ 5,974	\$ 5,252
Add (deduct):		
Items not affecting cash:		
Amortization of discounts and premiums, net	(124)	(121)
Gain on sale of securities	(219)	(342)
Gain on foreign currency translation	(95)	(162)
	5,536	4,627
Decrease (increase) in accrued interest on investments	70	(399)
Proceeds from disposal of bonds and debentures	3,038	2,623
Purchase of bonds and debentures	(3,440)	(4,745)
Cash provided by investing activities	5,204	2,106
FINANCING ACTIVITIES:		
Decrease (increase) in Due from The City of Edmonton	2	(2)
Proceeds toward future debt retirement from The City of Edmonton	8,128	6,769
Cash provided by financing activities	8,130	6,767
Increase in cash during the year	13,334	8,873
Cash and cash equivalents, beginning of year	41,706	32,833
Cash and cash equivalents, end of year	\$55,040	\$41,706
Cash and cash equivalents are comprised of:		
Cash	\$ 6	\$ 1
Short-term investments	55,034	41,705
	\$55,040	\$41,706

See accompanying notes to financial statements.

The Sinking Fund of The City of Edmonton

Statement of Earnings and Unappropriated Surplus

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Interest earnings	\$ 5,536	\$ 4,627
Amortization of discounts and premiums, net	124	121
Gain on sale of securities	219	342
Gain on foreign currency translation	95	162
	5,974	5,252
Amortization of deferred foreign exchange loss (note 1)	(118)	(105)
Net earnings	5,856	5,147
Appropriation of required earnings on sinking funds	1,766	1,303
Unappropriated earnings for the year	4,090	3,844
Unappropriated surplus, beginning of year	24,342	20,498
Unappropriated surplus, end of year	\$28,432	\$24,342

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1986

The City of Edmonton makes annual payments into the Sinking Fund as required by each debenture issue. These funds are invested by the Sinking Fund in securities approved in the Municipal Government Act. The annual rate of return required by the issue is allocated to meet the future debt requirements. Earnings in excess of those required are maintained within the fund as unappropriated surplus.

This unappropriated surplus may, on request of the City Council and subject to the approval of the Local Authorities Board, be used for such purposes as approved by the Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- Amortization of premiums and discounts:
Bond and debenture premiums and discounts are amortized on the straight-line basis over the term of the issue.
- Foreign exchange translation:
Reserves for debt retirement are translated at the current exchange rate. The gain or loss on translation is deferred and amortized over the term of the debt issue.

2. BONDS AND DEBENTURES:

	Market Value		Amortized Cost	
	1986	1985	1986	1985
Provinces of Canada	\$ 1,367,000	\$ 1,293,250	\$ 1,448,511	\$ 1,448,527
The City of Edmonton	10,089,239	8,759,584	9,312,891	8,473,235
Other municipalities	198,500	193,500	199,854	199,704
	\$11,654,739	\$10,246,334	\$10,961,256	\$10,121,466

The Reserves Fund of The City of Edmonton

Auditors' Report

To His Worship the Mayor and Council,
The City of Edmonton

We have examined the balance sheet of The Reserves Fund of The City of Edmonton as at December 31, 1986 and the statements of earnings, reserve deposits and equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Reserves Fund of The City of Edmonton as at December 31, 1986 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
April 6, 1987

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Balance Sheet

December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
ASSETS		
Cash	\$ 4	\$ 1
Short-term investments, at cost:		
The City of Edmonton		1,385
Commercial paper	29,542	31,028
	29,542	32,413
Accrued interest on investments	657	669
Accounts receivable	2	2
Due from The City of Edmonton	200	
Bonds and debentures, at amortized cost (note 2)	17,749	3,776
Less allowance to reduce to market value	98	
	17,651	3,776
	\$48,056	\$36,861
LIABILITIES, RESERVES AND EQUITY		
Accounts payable	\$ 5,088	\$ 220
Note payable — The City of Edmonton (note 3)	2,600	
Due to The City of Edmonton		126
Reserve deposits	15,915	14,299
The City of Edmonton equity	24,453	22,216
	\$48,056	\$36,861

See accompanying notes to financial statements.

The Reserves Fund of The City of Edmonton

Statement of Earnings

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Revenue:		
Interest earned	\$ 3,577	\$ 3,343
Gain (loss) on disposal of securities	319	152
Amortization of discounts and premiums: net	(34)	18
	<u>3,862</u>	<u>3,513</u>
Expenses:		
Trustee honorariums	1	1
Other expenses	2	1
	<u>3</u>	<u>2</u>
Net earnings	<u>\$ 3,859</u>	<u>\$ 3,511</u>
Distribution of net earnings:		
Reserve deposits	\$ 1,524	\$ 1,495
The City of Edmonton equity	<u>2,335</u>	<u>2,016</u>
	<u>\$ 3,859</u>	<u>\$ 3,511</u>

See accompanying notes to financial statements.

Statement of Reserve Deposits and Equity

Year ended December 31, 1986

	December 31, 1985	Deposits	Net Earnings	Withdrawals	Adjustment to Market	December 31, 1986
	(in thousands of dollars)					
Reserve Deposits:						
Cemetery Perpetual Care	\$ 1,474	\$ 66	\$ 144	\$ 139	\$	\$ 1,545
Edmonton Creche and Day Nursery	3					3
Edmonton Public Library Board	4		1	5		
Parkland Reserve Trust	55	107	9			171
Self-insurance	12,513	89	1,344			13,946
Motor Vehicles	250		26	26		250
Total reserve deposits	<u>14,299</u>	<u>262</u>	<u>1,524</u>	<u>170</u>		<u>15,915</u>
The City of Edmonton equity	<u>22,216</u>		<u>2,335</u>		(98)	<u>24,453</u>
	<u>\$36,515</u>	<u>\$ 262</u>	<u>\$ 3,859</u>	<u>\$ 170</u>	<u>\$ (98)</u>	<u>\$40,368</u>

See accompanying notes to financial statements.

The Reserves Fund of The City of Edmonton

Statement of Changes in Financial Position

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Investing activities:		
Net earnings	\$ 3,859	\$ 3,511
Add (deduct):		
Items not affecting cash:		
Gain on disposal of securities	(319)	(152)
Amortization of discounts and premiums	34	(18)
	3,574	3,341
Decrease (increase) in accrued interest on investments	12	(215)
Decrease (increase) in accounts receivable		1
Increase in accounts payable	4,867	220
Proceeds from disposal of bonds and debentures	15,383	6,510
Purchases of bonds and debentures	(29,070)	(6,240)
Cash provided by (applied to) investing activities	(5,234)	3,617
Financing activities:		
Decrease (increase) in Due from The City of Edmonton	(326)	2,921
Net deposits to (withdrawals from) reserves	92	(213)
Cash provided by (applied to) financing activities	(234)	2,708
Increase (decrease) in cash during the year	(5,468)	6,325
Cash and cash equivalents, beginning of year	32,414	26,089
Cash and cash equivalents, end of year	\$26,946	\$32,414
Cash and cash equivalents are comprised of:		
Cash	\$ 4	\$ 1
Short-term investments	29,542	32,413
Note payable to The City of Edmonton	(2,600)	
	\$26,946	\$32,414

See accompanying notes to financial statements.

The Reserves Fund of The City of Edmonton

Notes to Financial Statements

December 31, 1986

The City of Edmonton maintains the Reserves Fund to finance the specified activities summarized on the Statement of Reserve Deposits and Equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- (a) Amortization of Premiums and Discounts
Bond and debenture premiums and discounts are amortized on the straight-line basis over the term of the issue.
- (b) Distribution of Net Earnings
Net earnings are distributed to reserve deposits and The City of Edmonton equity account based on their weighted average proportionate share of the total assets.
- (c) Adjustment to Market
The adjustment to value bonds and debentures to the lower of cost and market value is applied directly to The City of Edmonton equity account.

2. BONDS AND DEBENTURES:

	Market Value		Amortized Cost	
	1986	1985	1986	1985
Government of Canada	\$13,091,537	\$ 2,024,910	\$13,132,783	\$ 1,847,677
The City of Edmonton	4,549,653	1,726,465	4,606,872	1,766,858
Other municipalities and school districts	9,550	14,550	9,586	14,069
Corporations		146,437		147,603
Total	<u>\$17,650,740</u>	<u>\$ 3,912,362</u>	<u>\$17,749,241</u>	<u>\$ 3,776,207</u>

3. NOTE PAYABLE TO THE CITY OF EDMONTON:

The note payable to The City of Edmonton is due on demand, bears interest at rates which approximate bank prime rates and is unsecured. Interest expense of \$11,231 relating to advances outstanding during the year ended December 31, 1986 has been netted against interest earned.

The Pension Fund of The City of Edmonton

Auditors' Report

To His Worship the Mayor and Council,
The City of Edmonton

We have examined the statements of net assets of The Pension Fund of The City of Edmonton which is comprised of the Pension Investment Fund and its six member funds; the Annuity Fund, Police Supplementary Pension Fund, Fire Supplementary Pension Fund, The City of Edmonton Supplementary Pension Plan for Employees in the Position of Fire Chief and Deputy Fire Chief, Group Life Insurance Fund, and the General Pension Fund as at December 31, 1986 and the statement of changes in net assets for each aforementioned fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the net assets of The Pension Fund of The City of Edmonton as at December 31, 1986 and the changes therein for the year then ended in accordance with accounting principles, as set out in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

Edmonton, Canada
April 6, 1987

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Pension Investment Fund Statement of Net Assets

December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Cash	\$ 6	\$ 8
Accrued interest on investments	592	608
Accounts receivable	68	79
Short-term investments, at cost	7,893	7,434
Bonds and debentures, at market value (note 2)	17,697	15,995
Common and preferred shares, at market value (note 2)	19,385	12,130
Mortgages, at market value (note 2)	321	479
	45,962	36,733
Less liabilities:		
Accounts payable	1,027	43
Notes payable — The City of Edmonton (note 3)	3,915	
	4,942	43
Net assets (note 1c)	\$41,020	\$36,690

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

Pension Investment Fund Statement of Changes in Net Assets

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Net cash flow of:		
Annuity Fund	\$ (530)	\$ (597)
Police Supplementary Pension Fund	(118)	(125)
Fire Supplementary Pension Fund	727	881
Fire Chief/Deputy Fire Chief Supplementary Pension Fund	(30)	(30)
Group Life Insurance Fund	(6)	(5)
General Pension Fund	(22)	(457)
	21	(333)
Investment income:		
Interest from short-term investments, net	790	519
Bonds and debentures:		
Interest	1,324	1,502
Capital appreciation	1,092	1,302
Common and preferred shares:		
Dividends	499	477
Capital appreciation	662	1,992
Mortgages:		
Interest	28	38
Capital appreciation	12	33
Mortgage fees	(2)	(2)
	4,405	5,861
Less investment expenses:		
Investment counselling fees	79	70
Administration	17	15
	96	85
Net investment income	4,309	5,776
Increase in net assets	4,330	5,443
Net assets, beginning of year	36,690	31,247
Net assets, end of year (note 1c)	\$41,020	\$36,690

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

Annuity Fund Statement of Net Assets

December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Units of Pension Investment Fund (note 1c)	\$4,060	\$4,123
Accounts receivable	1	2
Net assets	\$4,061	\$4,125

Annuity Fund Statement of Changes in Net Assets

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Contributions — The City of Edmonton	\$ 21	\$ 25
Net investment income of Pension Investment Fund allocated to Annuity Fund	468	689
	489	714
Less: Pension payments	553	622
Increase (decrease) in net assets	(64)	92
Net assets, beginning of year	4,125	4,033
Net assets, end of year	\$4,061	\$4,125

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

Police Supplementary Pension Fund Statement of Net Assets

December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Units of Pension Investment Fund (note 1c)	\$2,297	\$2,164

Police Supplementary Pension Fund Statement of Changes in Net Assets

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Net investment income of Pension Investment Fund allocated to Police Supplementary Pension Fund	\$ 251	\$ 348
Less: Pension payments	118	125
Increase in net assets	133	223
Net assets, beginning of year	2,164	1,941
Net assets, end of year	\$2,297	\$2,164

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

Fire Supplementary Pension Fund Statement of Net Assets

December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Units of Pension Investment Fund (note 1c)	\$19,173	\$16,487
Contributions receivable	18	15
	19,191	16,502
Less accounts payable	2	4
Net assets	\$19,189	\$16,498

Fire Supplementary Pension Fund Statement of Changes in Net Assets

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Contributions:		
Employees	\$ 359	\$ 355
The City of Edmonton	1,014	1,008
Net investment income of Pension Investment Fund allocated to Fire Supplementary Pension Fund	1,959	2,533
	3,332	3,896
Less: Pension payments	638	466
Withdrawals of contributions	3	2
Administrative expenses		15
	641	483
Increase in net assets	2,691	3,413
Net assets, beginning of year	16,498	13,085
Net assets, end of year	\$19,189	\$16,498

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

*The City
of Edmonton
Supplementary
Pension Plan
for Employees in
the Position of
Fire Chief and
Deputy Fire Chief
Statement of
Net Assets*

December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Units of Pension Investment Fund (note 1c)	\$ 36	\$ 61

*The City
of Edmonton
Supplementary
Pension Plan
for Employees in
the Position of
Fire Chief and
Deputy Fire Chief
Statement of
Changes in
Net Assets*

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Contributions:		
Employees	\$ 1	\$ 1
The City of Edmonton	3	2
Net investment income of Pension Investment Fund allocated to Fire Chief/Deputy Fire Chief Fund	6	12
	10	15
Less: Pension payments	34	33
Decrease in net assets	(24)	(18)
Net assets, beginning of year	60	78
Net assets, end of year	\$ 36	\$ 60

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

Group Life Insurance Fund Statement of Net Assets

December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Units of Pension Investment Fund (note 1c)	\$ 62	\$ 60

Group Life Insurance Fund Statement of Changes in Net Assets

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Net investment income of Pension Investment Fund allocated to Group Life Insurance Fund	\$ 7	\$ 10
Less: Life insurance benefits paid	5	5
Increase in net assets	2	5
Net assets, beginning of year	60	55
Net assets, end of year	\$ 62	\$ 60

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

General Pension Fund Statement of Net Assets

December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Units of Pension Investment Fund (note 1c)	\$15,391	\$13,794
Less due to Local Authorities Pension Plan	4	20
Net assets	\$15,387	\$13,774

General Pension Fund Statement of Changes in Net Assets

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Net investment income of Pension Investment Fund allocated to General Pension Fund	\$ 1,618	\$ 2,184
Less: Payments on account of liability to Local Authorities Pension Plan	4	20
Settlement of Pension Fund litigation (note 4f)		451
Professional fees	1	5
	5	476
Increase in net assets	1,613	1,708
Net assets, beginning of year	13,774	12,066
Net assets, end of year	\$15,387	\$13,774

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

Notes to Financial Statements

December 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES:

a) The financial statements of The Pension Fund of The City of Edmonton, prepared on a unitized basis, consist of the Pension Investment Fund and six member funds. The six member funds are the:

- i) Annuity Fund;
- ii) Police Supplementary Pension Fund;
- iii) Fire Supplementary Pension Fund;
- iv) Fire Chief/Deputy Fire Chief Supplementary Pension Fund;
- v) Group Life Insurance Fund; and
- vi) General Pension Fund.

These financial statements reflect the net assets under the control of Trustees of The City of Edmonton Pension Fund and do not purport to show the adequacy of the fund to meet the obligations to the participants in The City of Edmonton pension plans.

b) The accounts of the Pension Investment Fund include the following:

- i) assets, consisting primarily of cash, investments and accounts receivable relating to investments all of which are administered on behalf of member funds;
- ii) liabilities, consisting primarily of accounts payable relating to investments administered on behalf of member funds;
- iii) sources of net assets, consisting primarily of the positive cash flow of member funds and investment income; and
- iv) uses of net assets, consisting primarily of the negative cash flow of member funds and investment expenses.

The accounts of the member funds include the following:

- i) assets consisting primarily of units of the Pension Investment Fund and accounts receivable;
- ii) liabilities consisting primarily of accounts payable;
- iii) sources of net assets consisting primarily of employee pension contributions, City of Edmonton contributions and a proportionate share of the net investment income of the Pension Investment Fund; and
- iv) uses of net assets consisting primarily of pensions paid and payments or repayments of contributions to employees or others.

c) Units of the Pension Investment Fund were allocated to certain member funds in proportion to their interest in the Pension Investment Fund as of January 1, 1972 (the starting date for the unitization process) at an initial value of \$10 per unit. Subsequently, units have been allocated quarterly to member funds based on their respective cash flows at a unit value calculated by reference to the market value of the net assets of the Pension Investment Fund and the number of units outstanding.

The units of the Pension Investment Fund held by member funds and the respective share of Pension Investment Fund net assets represented by these units at December 31, 1986 (value per unit \$42.937389) and 1985 (value per unit \$38.425372) are as follows:

	Units		Amount	
	1986	1985	1986	1985
Annuity Fund	94,569.48	107,301.32	\$ 4,060,566	\$ 4,123,093
Police Supplementary Pension Fund	53,485.51	56,304.25	2,296,529	2,163,512
Fire Supplementary Pension Fund	446,546.19	429,084.51	19,173,527	16,487,732
Fire Chief/Deputy Fire Chief Supplementary Pension Fund	846.08	1,574.65	36,329	60,507
Group Life Insurance Fund	1,439.63	1,569.72	61,814	60,317
General Pension Fund	358,454.85	359,001.48	15,391,115	13,794,765
	<u>955,341.74</u>	<u>954,835.93</u>	<u>\$41,019,880</u>	<u>\$36,689,926</u>

The Pension Fund of The City of Edmonton

Notes to Financial Statements — continued

December 31, 1986

2. INVESTMENTS:

Investments, excluding short-term investments, consist of:

	Market Value		Cost	
	1986	1985	1986	1985
Government of Canada Bonds	<u>\$17,696,806</u>	\$15,994,803	<u>\$17,331,310</u>	\$15,045,347
Common and preferred shares	<u>\$19,384,730</u>	\$12,130,445	<u>\$18,810,553</u>	\$10,661,583
Mortgages	<u>\$ 320,852</u>	\$ 479,481	<u>\$ 274,217</u>	\$ 445,414

The market value of mortgages is a calculated amount based upon the relationship of current mortgage interest rates and the mortgage rates in the investment portfolio.

3. NOTE PAYABLE TO THE CITY OF EDMONTON:

The note payable to the City of Edmonton is due on demand, bears interest at rates which approximate bank prime rates and is unsecured. Interest expense of \$26,800 relating to advances outstanding during the year ended December 31, 1986 has been netted against interest from short-term investments.

4. ACTUARIAL SURPLUSES AND DEFICIENCIES:

- a) **Annuity Fund:**
This fund was fully funded in 1984 in accordance with an actuarial valuation performed as of December 31, 1983.
- b) **Police Supplementary Pension Fund:**
An actuarial valuation performed as of December 31, 1979 disclosed this fund to be fully funded.
- c) **Fire Supplementary Pension Fund:**
Based on the most recent actuarial valuation as of June 30, 1985, the Fire Supplementary Pension fund had an aggregate unfunded liability, amounting to approximately \$13,600,000. Of this amount \$1,500,000 is being funded through annual special payments of \$332,644 to the year 1991. The funding for the remaining balance is uncertain at this date.
- d) **Fire Chief/Deputy Fire Chief Supplementary Pension Fund:**
An actuarial valuation as of January 1, 1980 disclosed an unfunded liability of \$39,453. This amount was funded subsequent to the valuation.
- e) **Group Life Insurance Fund:**
As of December 31, 1985, an amount of \$6,664 was determined to be the amount required to pay future beneficiaries from this fund. The net assets of the Group Life Insurance Fund as of December 31, 1986 amounted to \$61,814 indicating an excess in this fund of \$55,150.
- f) **General Pension Fund:**
This fund represents contributions prior to the transfer of the General Pension Fund to the Local Authorities Pension Plan. A 1984 litigation settlement resulted in a distribution of funds to certain employee associations and employers other than The City of Edmonton. The amounts remaining in this fund represent the residual awarded to The City of Edmonton as an employer. The distribution of this fund is uncertain at this date.

Management anticipates that actuarial valuations as of December 31, 1986 will be completed in 1987 for the Annuity, Police Supplementary Pension, Fire Supplementary Pension and Fire Chief/Deputy Fire Chief Supplementary Pension funds.





THE CITY OF EDMONTON

*Boards —
Financial Statements*



The Edmonton

Ambulance Authority

provides complete ambulance and
paramedic services within the City. Its
equipment includes 18 ambulances and
this mobile multiple-patient unit.

Edmonton Northlands

Edmonton Northlands, formerly The Edmonton Exhibition Association Limited, is a non-profit company incorporated under the Laws of Alberta. It has authorized 300 shares and issued 217 shares. No dividends or profits shall be paid to any of the shareholders of the company.

Because The City of Edmonton owns the land on which all the Edmonton Northlands properties are situated, all buildings and improvements situated thereon are the properties of The City of Edmonton.

The Edmonton Public Library Board

The Edmonton Public Library Board operates under the Libraries Act (Provincial Statute). The Board consists of nine members of whom one is an Alderman. The Board exercises general management, regulations and control of the Library.

The City of Edmonton uses taxes to provide operating funds and as required, with the approval of the Local Authorities Board, borrows money to finance capital expenditures. The City's financial statements reflect the operations of the Library.

Royal Alexandra Hospital Board

The Royal Alexandra Hospital Board consists of the Mayor and three Aldermen.

As The City of Edmonton owns the land on which the hospital is situated, all buildings and improvements are the property of the City. The City, with the approval of the Local Authorities Board, borrows funds for capital programs.

The City's financial statements only include the assets of the Royal Alexandra Hospital equivalent to the outstanding debenture borrowings. All debt servicing is recovered from the Provincial Government.

The Edmonton School District No. 7

The Edmonton R.C. Separate School District No. 7

School administration is completely independent from the City Council and subject to control by the Provincial Government pursuant to the provisions of the School Act.

The School Boards establish their own budgets for current and capital expenditures and have the power with the approval of the Local Authorities Board to borrow money.

The only relationship between these two boards and The City of Edmonton is that the City is obligated to provide funds raised by taxes deemed necessary by the School Boards.

Auditors' Report

To the Members of
Edmonton Northlands:

We have examined the balance sheet of Edmonton Northlands as at September 30, 1986 and the statements of reinvested earnings, income and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Edmonton Northlands as at September 30, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
November 12, 1986

Clarkson Gordon
Chartered Accountants

Edmonton Northlands (Incorporated under the laws of Alberta)

Balance Sheet

September 30, 1986
(with comparative figures at
September 30, 1985)

	1986	1985
	(in thousands of dollars)	
ASSETS		
Current:		
Cash and term deposits (Note 2)	\$10,027	\$10,844
Accounts receivable	738	676
Due from Province of Alberta	870	909
Inventories	270	280
Prepaid expenses and deposits	429	430
Total current assets	12,334	13,139
Fixed assets (Note 3)	72,200	70,128
	\$84,534	\$83,267
LIABILITIES AND EQUITY		
Current:		
Accounts payable and accrued charges	\$ 8,035	\$ 5,473
Accrued interest on long-term debt	467	476
Current portion of long-term debt	1,583	916
Total current liabilities	10,085	6,865
Long-term debt (Note 4)	17,897	20,340
Deferred revenue	122	152
Contingencies (Note 10)		
Contributions for expansion of facilities and capital debt retirement (Note 5)	48,758	46,535
Equity:		
Capital -		
Authorized:		
300 shares of \$5 each		
Issued:		
217 shares (1985 - 208 shares)	1	1
Reinvested earnings	7,671	9,374
	7,672	9,375
	\$84,534	\$83,267

(The accompanying notes are an integral part of the financial statements)

Edmonton Northlands

Statement of Income

for the year ended
September 30, 1986
(with comparative figures
for 1985)
(in thousands of dollars)

	Revenue		Direct Expenses		Operating Income (Loss)	
	1986	1985	1986	1985	1986	1985
Facilities	\$ 9,120	\$ 9,340	\$ 8,506	\$ 7,997	\$ 614	\$ 1,343
Concessions	3,764	3,964	2,783	2,850	981	1,114
Lounges and dining facilities	4,334	4,627	3,650	3,975	684	652
Agriculture	206	263	1,121	1,170	(915)	(907)
Rodeos	622	672	733	782	(111)	(110)
Thoroughbred racing	6,496	6,144	6,403	6,115	93	29
Harness racing	6,005	6,002	6,278	6,290	(273)	(288)
Klondike Days	4,836	4,813	4,623	4,591	213	222
Northlands' sponsored events	493	460	349	438	144	22
Trade shows			154	90	(154)	(90)
	35,876	36,285	34,600	34,298	1,276	1,987
Less internal rental revenue and expenses	(2,513)	(2,479)	(2,513)	(2,479)		
	\$33,363	\$33,806	\$32,087	\$31,819	1,276	1,987
Indirect expenses, depreciation and amortization						
Administration					1,863	1,624
Interest expense net of interest income (Note 6)					1,272	1,876
Contributions to other groups					51	52
Corporate relations					460	332
Depreciation					2,458	2,468
Amortization of contributions for expansion of facilities and capital debt retirement					(1,707)	(1,546)
					4,397	4,806
Operating loss					(3,121)	(2,819)
Province of Alberta grants and contributions					1,143	1,128
Western Canada Lottery Corporation funding for operations (Note 7)					250	
Recoveries relating to previous years' costs (Note 8)					25	171
					1,418	1,299
Net loss					\$ (1,703)	\$ (1,520)

(The accompanying notes are an integral part of the financial statements)

Edmonton Northlands

Statement of Cash Flows

for the year ended
September 30, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net loss for the year	\$ (1,703)	\$ (1,520)
Add (deduct) charges to operations not requiring a current cash payment:		
Depreciation	2,458	2,468
Amortization of contributions	(1,707)	(1,546)
Amortization of deferred revenue	(30)	(30)
Net change in non-cash working capital balances related to operations (Note 9)	779	694
Cash provided by (used in) operating activities	(203)	66
CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES		
Additions to property, plant and equipment	(4,569)	(1,120)
Proceeds from disposal of property, plant and equipment	40	17
Cash used in investment activities	(4,529)	(1,103)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Increase in long-term debt		1,550
Repayment of long-term debt	(1,776)	(2,288)
Capital Contributions —		
Province of Alberta	304	1,253
Western Canada Lottery Corporation	3,627	2,750
Net change in non-cash working capital balances relating to financing activities (Note 9)	1,760	5,827
Cash provided by financing activities	3,915	9,092
Net increase (decrease) in cash during the year	(817)	8,055
Cash position at beginning of year	10,844	2,789
Cash position at end of year	\$10,027	10,844

(The accompanying notes are an integral part of the financial statements)

Statement of Reinvested Earnings

for the year ended
September 30, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Reinvested earnings, beginning of year	\$ 9,374	\$10,894
Net loss for the year	(1,703)	(1,520)
Reinvested earnings, end of year	\$ 7,671	\$ 9,374

(The accompanying notes are an integral part of the financial statements)

Notes to Financial Statements

September 30, 1986

INTRODUCTION

Edmonton Northlands, formerly The Edmonton Exhibition Association Limited which was incorporated in 1908, is the successor to The Edmonton Agricultural Society of 1879 and The Edmonton Industrial Exhibition Association of 1899. Its purpose is to provide programs and facilities to benefit the residents of Northern Alberta in the fields of Agriculture, Trade Shows and Exhibitions, Entertainment and Community Service. The Company's 217 members, along with associate directors and other volunteers, provide the impetus and volunteer assistance that enables it to achieve its objectives. The Company is exempt from income tax, it cannot pay dividends to its members, the shares cannot appreciate in value and its members and directors do not receive any fee for their services. Reinvested earnings of the Company are invested in its facilities.

The Company is qualified under the provisions of the Alberta Agriculture Societies Act and receives substantial funding from the Province of Alberta by way of grants and loan guarantees and from the Western Canada Lottery Corporation. Assistance has also been received from the Government of Canada by way of grants and loans, and from the City of Edmonton, primarily for land acquisition.

The land on which the Company's facilities are located is held in the name of the City of Edmonton and leased to the Company under a lease which expires in 1999. If the lease is not renewed or extended, the buildings and improvements on the leased lands will revert to the City of Edmonton. The amount of the annual lease rental is subject to periodic review and is currently under discussion with the City. (See Note 10).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles described in this note which have been consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in light of the information available up to November 12, 1986. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Fixed assets and depreciation

Fixed assets are recorded at cost and, except for land and properties acquired for future expansion, are depreciated on the straight-line basis over the estimated useful lives of the assets as set out below. No depreciation is recorded on construction in progress until such time as the assets are substantially complete.

Assets	Useful life
Coliseum and AgriCom	50 years
Other buildings	25 years
Equipment	3 to 10 years

Interest on borrowings in respect of capital projects is expensed, except where carrying costs form an integral part of construction contracts.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Grants and contributions

Grants and contributions are recognized at the earliest of the date of commitment by the grantor or upon receipt by the Company. Amounts designated for capital purposes, including the acquisition of property for expansion, construction of facilities or retirement of capital debt, are credited to "Contributions for expansion of facilities and capital debt retirement" and amortized into income each year on the same basis as the related assets. Amounts designated for capital purposes which are used to pay interest on capital debt are applied to reduce interest costs. Other grants and contributions not specifically designated for capital purposes are included in income.

Deferred revenues

Revenues received which relate to future periods are deferred and brought into income over the term of the related agreements.

*Notes to
Financial
Statements*
— continued

September 30, 1986

Revenue and expenses

The revenue and expenses recorded in these statements reflect only the amounts actually attributable to the Company. Amounts received or disbursed on behalf of third parties are not reflected.

Internal rental revenue and expenses represent inter-departmental charges for services provided and used between the departments. These charges are determined by management to represent external market conditions and are applied on a basis consistent with the previous year.

2. CASH AND TERM DEPOSITS

Cash and term deposits include funds on deposit amounting to \$9,850,400 which are intended to be used for capital purposes. The funds on deposit include grants received by the Company for the construction of specified facilities and for the retirement of capital debt, and funds required to finance approved capital construction programs.

Pending the use of these funds for the purposes designated, they are maintained on deposit with the Company's bankers with an effective interest rate of prime less 1/4 of 1%. Interest earned is applied to reduce interest costs on bank indebtedness.

3. FIXED ASSETS

The details of fixed assets at September 30, are as follows:

	1986			1985
	Cost	Accumulated depreciation	Net book value	Net book value
Coliseum	\$15,955,128	\$ 7,379,816	\$ 8,575,512	\$ 8,807,246
AgriCom	38,100,478	2,278,195	35,822,283	36,388,481
Other buildings and improvements	28,719,850	13,997,683	14,722,167	14,477,882
Equipment	5,043,869	2,540,361	2,503,508	2,460,604
Properties acquired for future expansion	8,423,064		8,423,064	7,937,255
Construction in progress	2,153,392		2,153,392	57,264
	<u>\$98,395,781</u>	<u>\$26,195,855</u>	<u>\$72,199,926</u>	<u>\$70,128,732</u>

4. LONG-TERM DEBT

	1986	1985
Government of Canada loan due December 31, 2004, interest rate 8.595%, annual instalments of \$469,324 principal and interest	\$ 4,320,000	\$ 4,410,300
Government of Canada loan due December 31, 2004, interest rate 9.025%, annual instalments of \$311,662 principal and interest	2,784,700	2,840,000
Term bank loan for the AgriCom due April 30, 1999, interest at prime payable monthly, annual principal instalments of \$1,200,000	11,925,000	13,330,000
Demand bank loan, interest at prime plus 1/2 of 1% payable monthly, annual principal instalments of \$225,000	450,000	675,000
	<u>19,479,700</u>	<u>21,255,300</u>
Less amounts due within one year	<u>1,583,400</u>	<u>915,700</u>
	<u>\$17,896,300</u>	<u>\$20,339,600</u>

The Government of Canada loans are secured by guarantees of the Government of the Province of Alberta.

As general security for the bank loans, the bank holds the lease of land from the City of Edmonton, and a registered assignment of book debts. As specific security for the term bank loan for the AgriCom, the bank holds a guarantee of the Government of the Province of Alberta, and assignment of the Company's receipts from the Western Canada Lottery Corporation. As specific security for the demand bank loan, the bank holds a guarantee of the Government of the Province of Alberta.

Principal payments required over the next five years are as follows: 1987 - \$1,583,400; 1988 - \$1,597,200; 1989 - \$1,387,300; 1990 - \$1,403,700 and 1991 - \$1,421,600.

Notes to Financial Statements — continued

September 30, 1986

5. CONTRIBUTIONS FOR EXPANSION OF FACILITIES AND CAPITAL DEBT RETIREMENT

Accumulated contributions received less amounts amortized are summarized as follows:

	1986	1985
Grants and contributions:		
Province of Alberta —		
Coliseum grants	\$ 3,700,000	\$ 3,700,000
Western Canada Lottery Alberta Division	1,850,000	1,850,000
Western Canada Lottery Corporation	3,500,000	3,500,000
Department of Agriculture AgriCom grant	7,250,000	7,250,000
Pedway grants	439,282	439,282
Capital debt retirement from parimutuel taxes remitted	9,521,971	9,218,138
Other	25,000	25,000
	<u>26,286,253</u>	<u>25,982,420</u>
Western Canada Lottery Corporation	<u>21,926,111</u>	<u>18,299,365</u>
Government of Canada —		
Department of Industry, Trade and Commerce	7,250,000	7,250,000
Loto Canada	1,850,000	1,850,000
	<u>9,100,000</u>	<u>9,100,000</u>
City of Edmonton	<u>3,700,000</u>	<u>3,700,000</u>
Total grants and contributions received	<u>61,012,364</u>	<u>57,081,785</u>
Accumulated amortization	<u>12,254,056</u>	<u>10,546,625</u>
Unamortized grants and contributions	<u>\$48,758,308</u>	<u>\$46,535,160</u>

These contributions have been used to finance the acquisition of fixed assets as follows:

	1986		1985	
	Total contributions	Unamortized amount	Total contributions	Unamortized amount
Coliseum	\$11,870,690	\$ 7,505,712	\$11,725,071	\$ 7,561,325
AgriCom	26,112,191	24,684,031	24,674,550	23,768,732
Other buildings and improvements	13,939,815	10,017,540	12,904,166	9,491,047
Equipment	3,921,916	1,383,272	3,176,998	1,113,056
Properties acquired for future expansion	5,086,809	5,086,809	4,601,000	4,601,000
Construction in progress	80,944	80,944		
	<u>\$61,012,365</u>	<u>\$48,758,308</u>	<u>\$57,081,785</u>	<u>\$46,535,160</u>

6. INTEREST EXPENSE

The Company has recorded interest expense net of interest income as follows:

	1986	1985
Interest expense:		
Long-term debt	\$2,057,635	\$2,397,115
Current debt	100,666	97,144
	<u>2,158,301</u>	<u>2,494,259</u>
Interest income:		
Term and other deposits	886,362	618,389
Interest expense net of interest income	<u>\$1,271,939</u>	<u>\$1,875,870</u>

*Notes to
Financial
Statements
— continued*

September 30, 1986

7. WESTERN CANADA LOTTERY ALBERTA DIVISION

Effective May 15, 1974, Edmonton Northlands and the Calgary Exhibition and Stampede formed a partnership for the purpose of conducting and operating continuing lottery schemes to be marketed throughout the Province of Alberta in accordance with the provisions of the Western Canada Lottery Corporation. The Interprovincial Lottery License provides that the proceeds through the lottery schemes are to be used by Foundations with province-wide impact in amateur sport and cultural development, agricultural societies, as well as for capital projects and debt retirement of Edmonton Northlands and the Calgary Exhibition and Stampede.

For the year ended March 31, 1986, Edmonton Northlands received \$2,750,000 under the provisions of the License which was designated for capital projects and debt retirement. Under the provisions of the License in effect from April 1, 1986 to March 31, 1989, Edmonton Northlands is entitled to receive \$5,000,000 annually, \$4,500,000 of which must be used to make payments of principal and interest on debts incurred for capital development projects. This increased entitlement replaces the capital grant calculated from parimutuel tax remittances and also provides an increase in capital and other funding of approximately \$1,000,000 per year. For the years ended September 30, 1986 and 1985, the following amounts have been reflected in the financial statements with respect to funding received from the Western Canada Lottery Corporation:

	<u>1986</u>	<u>1985</u>
Used for capital projects and debt retirement	\$3,626,746	\$2,750,000
Used for operating purposes	250,000	
	<u>\$3,876,746</u>	<u>\$2,750,000</u>

8. RECOVERIES RELATING TO PREVIOUS YEARS' COSTS

The 1986 and 1985 recoveries of \$24,354 and \$171,402 respectively represent funds recovered relating to a defalcation by an employee which occurred during the years 1981 through 1984.

9. NET CHANGE IN NON-CASH WORKING CAPITAL ACCOUNTS

The net change in non-cash working capital accounts reflected in the statement of cash flows represents the following:

	<u>1986</u>	<u>1985</u>
Operating activities:		
Decrease (increase) in current assets —		
Amounts receivable	\$ (532,712)	\$ 813,390
Inventories and prepaid items	10,609	47,775
Increase (decrease) in current liabilities —		
Accounts payable and accrued charges	1,301,424	(167,618)
	<u>\$ 779,321</u>	<u>\$ 693,547</u>
Financing activities:		
Decrease in current assets —		
Amounts receivable	\$ 509,214	\$6,167,139
Increase (decrease) in current liabilities —		
Accounts payable and accrued charges	1,250,985	(340,266)
	<u>\$1,760,199</u>	<u>\$5,826,873</u>

*Notes to
Financial
Statements
— continued*

September 30, 1986

10. CONTINGENCIES

The City of Edmonton has issued notices to Edmonton Northlands, for substantial property and business taxes for the years 1983 to 1986, for increased lease rentals for 1984 and subsequent years and demanded payment of a portion of Northlands' reinvested earnings to the City. These financial demands are very significant relative to Northlands' financial position. Northlands has filed Notices of Objection in respect of taxes levied and has disputed the right of the City to claim increased lease rentals and payment of a portion of its reinvested earnings. The City of Edmonton has also filed a Statement of Claim for a declaration that the Northlands' reorganization undertaken in 1983 is invalid. A Statement of Defence has been filed by Northlands in support of its position.

No provision has been made for the amounts, if any, which may have to be paid to the City. Any payments that Edmonton Northlands may be required to make will be accounted for as an adjustment of prior years' reinvested earnings.

11. COMPARATIVE FIGURES

Certain 1985 figures have been reclassified to facilitate comparison with the current year.

Edmonton Public Library Board

Auditors' Report

To The Edmonton Public Library Board

We have examined the balance sheet of the Edmonton Public Library Board as at December 31, 1986 and the statements of revenue and expenditures, surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Edmonton Public Library Board as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in the summary of significant accounting policies as disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 9, 1987

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Edmonton Public Library Board

Balance Sheet

December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
ASSETS		
Current assets:		
Cash and term deposits	\$ 642	\$ 550
Due from The City of Edmonton		284
Accounts receivable	7	8
Grant receivable from Province of Alberta		5
Prepaid expenses	120	130
Investment with The City of Edmonton Reserve Fund		4
Total current assets	769	981
Fixed assets:		
Land, buildings and equipment	7,361	7,361
Less accumulated depreciation	(4,351)	(3,846)
	3,010	3,515
	\$3,779	\$4,496
LIABILITIES AND SURPLUS		
Current liabilities:		
Due to The City of Edmonton	\$ 122	\$
Accounts payable and accrued liabilities	48	42
Unexpended grants and donations	88	54
Accrued interest on debentures	94	106
Current portion of debentures payable	555	505
Total current liabilities	907	707
Debentures payable (note 2)	3,010	3,515
Less current portion	(555)	(505)
	2,455	3,010
Surplus	417	779
Commitments (note 3)		
	\$3,779	\$4,496

See accompanying notes to financial statements.

Edmonton Public Library Board

Statement of Revenue and Expenditures

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
REVENUE:		
Grants:		
City of Edmonton	\$10,348	\$10,348
Province of Alberta	2,313	2,268
Fines and charges	662	612
Interest	56	81
Rental of premises	50	50
Other	149	152
Total revenue	13,578	13,511
EXPENDITURES:		
Salaries, wages and employee benefits	7,763	7,508
Maintenance of properties	1,471	1,507
Books and library materials	1,870	1,714
Supplies	1,151	1,205
Property rentals	899	917
Debenture interest charges	290	330
Depreciation	505	460
Bookmobile and trailer operations	27	22
Total expenditures	13,976	13,663
Excess of expenditures over revenue	\$ (398)	\$ (152)

See accompanying notes to financial statements.

Edmonton Public Library Board

Statement of Surplus

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Unallocated surplus:		
Balance, beginning of year	\$ 331	\$ 485
Excess of expenditures over revenue	(396)	(152)
Transfer from surplus allocated for Library system	67	
Transfer to capital projects surplus		(2)
Balance, end of year		331
Surplus allocated for capital projects:		
Balance, beginning of year	86	144
City of Edmonton Pension Fund disbursement		194
Interest income on capital projects surplus	8	24
Transfer from unallocated surplus		2
Expenditures:		
Mill Woods branch		(127)
Highlands branch		(2)
Main Library automation		(149)
Balance, end of year	94	86
Surplus allocated for Library system:		
Balance, beginning of year	358	327
Interest income on Library system surplus	32	31
Transfer to unallocated surplus	(67)	
Balance, end of year	323	358
Carnegie Fund surplus:		
Balance, beginning of year	4	40
Interest income on Carnegie Fund surplus	1	4
Expenditures during the year:		
Strathcona renovations	(5)	(40)
Balance, end of year		4
Total surplus, end of year	\$ 417	\$ 779

See accompanying notes to financial statements.

Edmonton Public Library Board

Statement of Changes in Financial Position

Year ended December 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Operating activities:		
Excess of expenditures over revenue	\$ (398)	\$ (152)
Add (deduct):		
Item not affecting working capital:		
Depreciation	505	460
Net changes in non-cash working capital balances relating to operations:		
Accounts receivable	1	(4)
Grant receivable from the Province of Alberta	5	(5)
Prepaid expenses	10	20
Accounts payable and accrued liabilities	7	(68)
Accrued interest on debentures	(12)	(12)
Cash provided by operations	118	239
Allocated surplus activities:		
Interest income	41	60
Expenditures	(5)	(318)
City of Edmonton Pension Fund Disbursement		194
Reduction of investment with The City of Edmonton Reserve Fund	4	36
Allocated surplus cash provided (used)	40	(28)
Cash provided by increase in unexpended grants and donations	34	4
Cash used by reduction in non-operating accounts payable and accrued liabilities	(1)	(4)
Repayment of debentures	(505)	(460)
Decrease in cash during the year	(314)	(249)
Cash, beginning of year	834	1,083
Cash, end of year	\$ 520	\$ 834

Cash is comprised of cash and term deposits and amounts due from (to) The City of Edmonton

See accompanying notes to financial statements.

Edmonton Public Library Board

Notes to Financial Statements

December 31, 1986

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- (a) Operations:
The Edmonton Public Library Board operates under the authority of The Libraries Act of Alberta and is administered by an independent board which reports to Council of The City of Edmonton. It operates thirteen public libraries and a bookmobile, and derives its revenues from its library operations and grants from The City of Edmonton and the Province of Alberta.
- (b) Fixed assets:
In accordance with accounting policies followed by municipal organizations, fixed assets acquired through debenture borrowing are carried at their original cost less accumulated depreciation. The annual depreciation charge equals the annual principal payment of the debenture debt.

Other fixed assets acquired are expensed in the year of acquisition.
- (c) Revenue recognition:
Library fines and charges are recorded on a cash basis.
- (d) Allocated surplus:
Allocated surplus consists of amounts appropriated from general surplus to fund the expansion of library facilities, including the initial purchase of books, supplies, furniture and improvements and operating activities as directed by the Board.
- (e) Government grants:
Certain government grants which are used to fund specific programs are applied against the costs of those programs.
- (f) Interest on surplus accounts:
Interest earned on the surplus account funds is recorded within the respective surplus accounts.

In all other respects, these financial statements are in accordance with generally accepted accounting principles.

2. DEBENTURES PAYABLE:

At December 31, 1986 the Board has outstanding debentures payable in the amount of \$3,010,054 at varying interest rates between 5.75% and 14%. The debentures issued to date are eligible for an Alberta Government interest rebate which reduces the effective interest rate to 11% per year. The payments shown below do not reflect the effect of the rebate.

The Board is required to make the following principal and interest payments during the next five years:

Year	Principal	Interest	Total
1987	\$554,987	\$310,039	\$865,026
1988	604,577	246,243	850,820
1989	507,207	186,340	693,547
1990	472,301	137,248	609,549
1991	421,984	93,066	515,050

3. COMMITMENTS:

The Board is committed to the following annual lease payments for rental of buildings:

Capilano branch	\$33,460 per annum to January 31, 1990.
Castle Downs branch	\$46,000 per annum to May 14, 1991.
Londonderry branch	\$60,000 per annum to January 31, 1994.
Mill Woods branch	The commitment was \$5,743 per month for the first three months of 1987, however the lease is presently under renegotiation.
Southgate branch	\$95,190 per annum to August 31, 1990.

4. COMPARATIVE FIGURES:

Certain of the 1985 comparative figures have been reclassified to conform to the current year's presentation.

Royal Alexandra Hospitals

Auditors' Report

To the Chairman and Members of
the Board of Governors of the
Royal Alexandra Hospitals:

We have examined the balance sheet of the Royal Alexandra Hospitals as at March 31, 1986 and the following statements for the year then ended:

Integrated Fund	- Statement of Revenue and Expenses - Statement of Unappropriated Equity - Statement of Changes in Financial Position
Endowment and Special Purpose Fund	- Statement of Expendable Equity
Anderson Hall	- Statement of Unappropriated Equity

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the hospitals as at March 31, 1986 and the results of their operations and the changes in their financial position for the year then ended in accordance with accounting principles generally accepted for hospitals applied on a basis consistent with that of the preceding year.

Edmonton, Canada
June 11, 1986

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Royal Alexandra Hospitals STATEMENT 1

Balance Sheet

March 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
ASSETS		
Integrated Fund		
Operating:		
Cash and term deposits	\$ 464	\$ 1,576
Accounts receivable and recoverable:		
Patients	1,016	1,023
Province of Alberta	2,044	515
Due from Anderson Hall	5	3
Sundry	291	322
Inventory of supplies — at cost	1,465	1,361
Prepaid expenses	347	339
Total operating assets	5,632	5,139
Capital grants receivable — Province of Alberta	1,693	1,534
Total working assets	7,325	6,673
Buildings, land improvements and equipment (note 3)	44,975	44,541
	\$52,300	\$51,214
Endowment and Special Purpose Fund		
Cash and term deposits	\$ 6,471	\$ 3,567
Other investments — at cost	6	6
Student loans receivable	18	26
Due from The City of Edmonton	41	32
Accounts receivable	27	23
Due from Integrated Fund	826	1,128
	\$ 7,389	\$ 4,782
Anderson Hall		
Current assets	\$ 88	\$ 62
Building and equipment — at cost less accumulated depreciation	1,112	1,137
	\$ 1,200	\$ 1,199

See accompanying notes to financial statements.

Royal Alexandra Hospitals STATEMENT 1

Balance Sheet

March 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
LIABILITIES AND EQUITY		
Integrated Fund		
Operating:		
Accounts payable and accrued liabilities	\$6,448	\$ 5,436
Due to Endowment and Special Purpose Fund	826	1,128
Current portion of debenture payable	73	64
Total operating liabilities	7,347	6,628
Capital holdbacks payable	55	
Total working liabilities	7,402	6,628
Debenture payable (note 4)	3,717	3,789
Total liabilities	11,119	10,417
Unappropriated equity (Statement 3)	41,181	40,797
Commitments and contingencies (notes 5 and 6)		
	\$52,300	\$51,214
Endowment and Special Purpose Fund		
Accrued interest payable	\$ 383	\$ 389
Endowment equity	6	6
Expendable equity (Statement 5)	7,000	4,387
Total equity	7,006	4,393
	\$ 7,389	\$ 4,782
Anderson Hall		
Accounts payable and accrued liabilities	\$ 26	\$ 20
Due to Integrated Fund	5	3
Debenture payable (note 4)	916	922
	947	945
Contributed surplus	124	124
Unappropriated equity (Statement 6)	129	130
	253	254
	\$ 1,200	\$1,199

See accompanying notes to financial statements.

**Integrated Fund
Statement of
Revenue and
Expenses**

Year ended March 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Revenue — patient:		
Provincial Government grants		
— global payments	\$100,317	\$ 95,087
— cardiology and cardiac rehabilitation	3,079	2,967
Uninsured services	4,472	4,363
Admitting fees and differential charges - net (note 7)	582	582
Other	47	46
	108,497	103,045
Other revenue:		
Provincial Government grants		
— medical education	1,141	896
— school of nursing	2,256	2,237
— other	317	161
Food services	1,700	1,598
Miscellaneous	420	365
Recoveries from other hospitals	157	150
	5,991	5,407
Total revenue	114,488	108,452
Expenses:		
Salaries and wages	79,089	75,395
Employee benefits	7,687	7,126
Medical and surgical supplies	7,342	6,306
Drugs	3,619	3,140
General expenditures	17,254	16,311
Total expenses	114,991	108,278
Operating surplus (deficit) for the year	\$ (503)	\$ 174

See accompanying notes to financial statements.

*Integrated Fund
Statement of
Unappropriated
Equity*

Year ended March 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Balance, beginning of year	\$40,797	\$39,965
Add:		
Operating surplus for the year (Statement 2)		174
Capital grants -- Province of Alberta	2,686	2,987
Capital contributions from Endowment and Special Purpose Fund	842	607
Transfer from Endowment and Special Purpose Fund to cover accumulated operating deficit (note 2(a))	452	
	3,980	3,768
Less:		
Operating deficit for the year (Statement 2)	503	
Depreciation and amortization	2,703	2,626
Cost of assets disposed of, retired or written-off during the period (net of accumulated depreciation)	327	192
Other	63	118
	3,596	2,936
Balance, end of year	\$41,181	\$40,797

***Integrated Fund
Statement of
Changes in
Financial Position***

Year ended March 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Working funds provided:		
From operations	\$	\$ 174
Contribution from the Endowment and Special Purpose Fund to cover accumulated operating deficit	452	
Capital contributions from the Endowment and Special Purpose Fund	842	607
Capital grants — Province of Alberta	2,686	2,987
Total working funds provided	3,980	3,768
Working funds applied:		
To operations	503	
Reduction of long-term debt	73	64
Acquisition of buildings, land improvements and equipment	3,464	3,410
Other	62	118
Total working funds applied	4,102	3,592
Increase (decrease) in working funds	(122)	176
Working funds (deficiency), beginning of year	45	(131)
Working funds (deficiency), end of year	\$ (77)	\$ 45

See accompanying notes to financial statements.

Royal Alexandra Hospitals STATEMENT 5

Endowment and Special Purpose Fund Statement of Expendable Equity

Year ended March 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Balance, beginning of year	\$ 4,387	\$ 2,871
Add:		
Parking lot revenues	978	927
Interest (note 1)	1,397	1,330
Donations and grants	463	290
Discretionary portion of admitting fees and differential charges (note 7)	593	557
School of nursing surplus	60	
Provincial Government grants - CT scanner	1,393	
Vending machine revenues	32	17
Other	17	48
	4,533	3,169
Deduct payments and appropriations:		
Capital additions	778	617
Parkade debenture principal	64	56
Parkade debenture interest	417	424
Parking expenses	296	280
Expenditures from donation fund	27	23
Research	137	107
School of nursing deficit		35
Education and staff development	41	41
Scholarships and awards	7	4
Vending machine expenses	15	14
Holdback penalty		20
Refund to employees of rebate	40	
Other	32	22
Transfer to integrated fund revenue to cover bad debts	14	10
Transfer to integrated fund to cover accumulated operating deficit (note 2(a))	452	
	2,320	1,653
Balance, end of year	\$ 7,000	\$ 4,387

See accompanying notes to financial statements.

STATEMENT 6

Anderson Hall Statement of Unappropriated Equity

Year ended March 31, 1986
(with comparative figures
for 1985)

	1986	1985
	(in thousands of dollars)	
Unappropriated equity, beginning of year	\$ 130	\$ 171
Operating deficit for the year (note 1)	1	41
Unappropriated equity, end of year	\$ 129	\$ 130

See accompanying notes to financial statements.

Notes to Financial Statements

March 31, 1985

1. NATURE OF OPERATIONS AND FINANCIAL STATEMENT PRESENTATION

The Royal Alexandra Hospitals are a 931 bed hospital complex owned by The City of Edmonton. The hospitals provide a full range of hospital services for central and northern Alberta.

The financial statements are prepared on a fund basis as follows:

Integrated Fund — includes the operating and capital assets of the hospitals.

Endowment and Special Purpose Fund — represents all assets held for special purposes including assets held as endowments. Interest earned from deposits in the Integrated Fund amounting to \$945,213 in 1986 (\$1,021,606 in 1985) is recorded in the Endowment and Special Purpose Fund. Admitting fees and differential charges in excess of the amount collected from those sources during the 1982/83 fiscal year are recorded in this fund. This fund is reduced by uses allowed by the Alberta Hospitalization Benefits Regulation as described in note 2a.

Anderson Hall — includes the assets, liabilities and equity of Anderson Hall which is a student apartment building. The income and expenses are not reflected in the hospitals' statement of revenue and expense, but are reported on in separate audited financial statements which show an operating deficit of \$105 in 1986 (\$41,636 in 1985).

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles except that i) depreciation provided on integrated fund assets is charged to unappropriated equity; ii) all leases are accounted for as operating leases; and iii) "discretionary revenue" has been recorded in the Endowment and Special Purpose Fund.

The following are the significant accounting policies:

(a) Revenue recognition:

Payments from the Province of Alberta are given recognition in the accounts as they are received or committed. Other revenue is recorded when earned.

The Alberta Hospitalization Benefits Regulations defines "discretionary revenue" as (i) authorized admission fees and preferred accommodation charges in excess of the amount collected from those sources during the 1982/83 fiscal year, (ii) donations, (iii) foundations, (iv) user charges, (v) net income from ancillary operations, and (vi) interest earned on investments. "Discretionary revenue" is not included in the operating surplus determined in accordance with the regulations.

The regulations state that "discretionary revenue" shall be used to cover:

- (i) operating deficits,
- (ii) deficits for programs other than approved hospital programs, and
- (iii) bad debts.

Any discretionary revenue remaining after compliance with the above may be used:

- (i) as working capital,
- (ii) for enhancement of an approved program if the enhancement will not generate recurring costs,
- (iii) for expenditures of a one-time nature that will not result in continuing operating costs, and
- (iv) with prior approval of the Minister
 - (a) for purchase of equipment, systems or items that will benefit the hospital but may have continuing operating costs, or
 - (b) if the hospital has a foundation, for transfers to the foundation.

In these financial statements "discretionary revenue" has not been included in the statement of revenue and expenses but has been included in the statement of expendable equity of the Endowment and Special Purpose Fund. Use of these funds is recorded as a reduction of the Endowment and Special Purpose Fund expendable equity.

Where the funds have been used to cover an operating expenditure of the hospitals, they have been recorded as revenue of the Integrated Fund.

Notes to Financial Statements — continued

March 31, 1986

(b) Capitalization policy:

Buildings, land improvements and major equipment additions are capitalized.

Original minor equipment purchases are capitalized at cost. All subsequent minor equipment additions and replacements are expensed in the period of acquisition.

As fixed assets are disposed of or retired, the original cost and related accumulated depreciation of such assets is removed from the appropriate accounts and charged against unappropriated equity.

(c) Depreciation:

Depreciation on buildings, land improvements and major equipment is provided on the straight-line basis at rates sufficient to amortize the costs over the estimated useful lives of the assets. The depreciation rates are:

Buildings	2%
Parking lot	10%
Major equipment	6.7%
Leasehold improvements	20%

Capital assets are funded by the Alberta Department of Hospitals and Medical Care and by expendable equity from the Endowment and Special Purpose Fund at the time of purchase. The assets are recorded at cost and the funding is added to unappropriated equity. Accordingly, depreciation is not recognized as a shareable expense but is charged directly to unappropriated equity.

(d) Leases:

Lease payments are expensed as they occur on all forms of leases. Under generally accepted accounting principles, a lease that transfers substantially all of the benefits and risks of ownership to the lessee should be accounted for as a capital lease by the lessee. Had such leases been accounted for as capital leases, the operating deficit for the current year would have been increased by \$59,042, assets would have increased by \$1,117,725, obligations would have increased by \$1,244,545, and unappropriated equity at beginning of year would have been reduced by \$67,778.

3. BUILDINGS, LAND IMPROVEMENTS AND EQUIPMENT

All buildings and land improvements are the property of The City of Edmonton.

The major components are as follows:

	1986	1985
Buildings:		
Parkade and incinerator facilities	\$11,652,483	\$11,652,483
General hospital	11,640,390	11,035,307
Women's hospital	7,235,537	7,235,537
Children's pavilion	3,342,240	3,342,240
School of nursing and residence	3,153,268	2,940,130
Food services pavilion	1,303,588	1,303,588
Leasehold improvements	272,880	272,880
Greenhouses	3,986	3,986
	38,604,372	37,786,151
Parking lot surfacing and other ground improvements	531,973	531,973
Major equipment	28,143,025	26,798,693
Minor equipment	359,607	352,517
Construction in progress	50,069	48,000
Total buildings, land improvements and equipment	67,689,046	65,517,334
Deduct accumulated depreciation and amortization	22,714,360	20,976,328
Net buildings, land improvements and equipment	\$44,974,686	\$44,541,006

Notes to Financial Statements — continued

March 31, 1986

4. DEBENTURES PAYABLE

The debenture debt is held by the Alberta Municipal Financing Corporation and is used to finance the parkade, incinerator, and ancillary facility.

The debt bears interest at 14¼% per annum but is eligible for the Province of Alberta interest rebate subsidy which reduces the effective rate to 11%. Annual payments to May 1, 2001 will be made from the Endowment and Special Purpose Fund. The next five annual principal repayments are:

May 1, 1986	\$ 72,699
May 1, 1987	83,058
May 1, 1988	94,894
May 1, 1989	108,416
May 1, 1990	123,866

The debenture related to Anderson Hall is payable to Central Mortgage and Housing Corporation in semi-annual instalments of \$34,874 (including interest at 6¼% per annum) to June 1, 2020. The hospitals are considering demolition of Anderson Hall to expand the hospitals' facilities. The demolition may proceed as early as Fall, 1987 at which time the debenture will become payable.

5. COMMITMENTS

Future minimum lease payments under leases relating primarily to computer and office equipment are as follows over the next 5 years:

1987	\$571,591
1988	378,289
1989	298,079
1990	235,134
1991	62,291

6. WAGE SETTLEMENTS

Subsequent to year-end, the hospitals have ratified wage settlements with certain of its Unions. The hospitals have also approved out-of-scope and executive salaries after year-end. These settlements are retroactive to January 1, 1986. The additional liability for retroactive wages and salaries has not been recorded in the financial statements as it is expected that additional grants will be received from the Provincial Government to cover these amounts.

7. ADMITTING FEES AND DIFFERENTIAL CHARGES — NET

The net admitting fees and preferred accommodation charges (note 2a) are:

	1986	1985
Admitting fees	\$ 260,020	\$ 264,760
Differential charges for preferred accommodation	914,560	873,796
	1,174,580	1,138,556
Discretionary portion transferred to expendable equity	592,800	556,776
Admitting fees and differential charges — net	\$ 581,780	\$ 581,780

8. COMPARATIVE FIGURES

Certain 1985 comparative figures have been reclassified to conform with the presentation adopted in 1986.

Auditors' Report

To the Board of Trustees of
The Edmonton School District No. 7

We have examined the balance sheet of The Edmonton School District No. 7 as at August 31, 1986 and the operating fund statement of revenue, expenditures and deficit and the capital and loan fund statements of capital invested in fixed assets and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Edmonton School District No. 7 as at August 31, 1986 and the results of its operations and the changes in financial position of the capital and loan fund for the year then ended in accordance with the disclosed basis of accounting as explained in the basis of accounting note included in the summary of significant accounting policies, applied on a basis consistent with that of the preceding year.

Edmonton, Alberta
November 10, 1986

Thorne Ernst & Whinney
Chartered Accountants

The Edmonton School District No. 7

Balance Sheet

	August 31	
	1986	1985
	(thousands of dollars)	
ASSETS		
OPERATING FUND		
CURRENT ASSETS		
Accounts receivable	\$ 23,223	\$ 20,262
Inventory of supplies	1,635	1,656
Due from capital and loan fund	8,918	7,138
Prepaid expenditures	870	1,509
	34,646	30,565
TRUST ASSETS		
Term deposits and investment certificates	294	215
Total Operating Fund	34,940	30,780
CAPITAL AND LOAN FUND		
FIXED ASSETS		
Land and improvements	8,936	8,936
Buildings, furniture and equipment	331,375	319,905
Total Capital and Loan Fund	340,314	328,841
	\$375,254	\$359,621

The Edmonton School District No. 7

Balance Sheet

	August 31	
	1986	1985
	(thousands of dollars)	
LIABILITIES, DEFICIT AND CAPITAL		
OPERATING FUND		
CURRENT LIABILITIES		
Bank indebtedness	\$ 29,083	\$ 28,725
Accounts payable and accrued liabilities	3,767	2,973
Purchase commitments	3,445	2,304
Deferred revenue	1,511	1,118
	37,806	35,120
DEFICIT	3,160	4,555
	34,646	30,565
TRUST LIABILITIES		
Scholarships and awards	294	215
Total Operating Fund	34,940	30,780
CAPITAL AND LOAN FUND		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	537	1,517
Due to operating fund	8,918	7,138
	9,455	8,655
LONG TERM DEBT (note 1)		
Capital loans	945	1,074
Debenture debt	126,235	132,250
	127,180	133,324
CAPITAL		
Capital surplus	453	453
Capital invested in fixed assets	203,226	186,409
	203,679	186,862
Total Capital and Loan Fund	340,314	328,841
	\$375,254	\$359,621

The Edmonton School District No. 7

Operating Fund Statement of Revenue, Expenditures and Deficit

	Year Ended August 31	
	1986	1985
	(thousands of dollars)	
REVENUE		
School foundation program fund	\$146,736	\$138,765
Provincial grants	36,416	35,829
Supplementary requisitions	105,813	99,445
Other	11,880	10,957
	300,845	284,996
EXPENDITURES		
Salaries and employee benefits	224,076	214,732
Debt service, including bank interest	29,858	29,267
Utility services	9,466	9,768
Transportation services	8,244	7,491
Other services	7,164	7,359
Supplies and materials	14,710	12,189
Furniture and equipment	5,932	5,344
	299,450	286,150
Operating surplus (deficit) before extraordinary item	1,395	(1,154)
Extraordinary item (note 2)		1,761
SURPLUS FOR THE YEAR	1,395	607
Deficit at beginning of year		
As previously reported	4,638	5,245
Prior years' adjustments (note 3)	(83)	(83)
As restated	4,555	5,162
DEFICIT AT END OF YEAR	\$ 3,160	\$ 4,555

Capital and Loan Fund Statement of Capital Invested in Fixed Assets

	Year Ended August 31	
	1986	1985
	(thousands of dollars)	
CAPITAL INVESTED DURING THE YEAR		
From operating funds for		
Furniture and equipment	\$ 5,932	\$ 5,344
Repayment of debentures	10,222	9,742
Repayment of capital loans	663	638
Transfer from reserve for future capital expenditures		875
	16,817	16,599
Balance at beginning of year		
As previously reported	186,416	169,847
Prior years' adjustment (note 3)	(37)	(37)
As restated	186,409	169,810
BALANCE AT END OF YEAR	\$203,226	\$186,409

The Edmonton School District No. 7

Capital and Loan Fund Statement of Changes in Financial Position

	Year Ended August 31	
	1986	1985
	(thousands of dollars)	
FUNDS DERIVED FROM		
Issue of debentures	\$ 4,206	\$12,175
Capital loans	534	123
Increase in capital invested in fixed assets	16,817	16,599
Proceeds from disposal of land	1	34
	21,558	28,931
FUNDS APPLIED TO		
Cost of additions to		
Land and improvements	3	188
Buildings, furniture and equipment	11,470	13,427
Repayment of debentures	10,222	9,742
Repayment of capital loans	663	638
Reduction of reserve for future capital expenditures		875
	22,358	24,870
INCREASE (DECREASE) IN FUNDS PAYABLE	900	(4,061)
Funds payable at beginning of year		
As previously reported	8,618	12,679
Prior years' adjustment (note 3)	37	37
As restated	8,655	12,716
FUNDS PAYABLE AT END OF YEAR	\$ 9,455	\$ 8,655
Represented by:		
Due to operating fund	\$ 8,918	\$ 7,138
Accounts payable and accrued liabilities	537	1,517
	\$ 9,455	\$ 8,655

Notes to Financial Statements

Year Ended August 31, 1986

GENERAL

Pursuant to the provisions of Alberta's School Act and through bylaws approved by its Board of Trustees, the Edmonton School District No. 7 is empowered to provide public education to its residents.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Revenue, including grants from the Alberta government, and expenditures are recorded on the accrual basis except as follows:

- 1) Salaries are recorded when paid.
- 2) Operating fund purchase commitments are recorded in the year in which the goods or services are ordered.
- 3) Principal and interest on debenture debt and capital loans are recorded when paid.
- 4) Local improvement charges on new school sites are recorded when billed by the City of Edmonton.

Inventory of supplies

Inventory of supplies is valued at average cost.

Notes to Financial Statements — continued

Year Ended August 31, 1986

Fixed assets

Fixed assets, including buildings, building additions, major capital improvements and furniture and equipment, are recorded at cost in the capital and loan fund.

Operating fund expenditures made during the year for replacements of, or additions to furniture and equipment are recorded as contributions to the capital and loan fund. In the capital and loan fund these items are recorded as fixed assets and as an increase to capital invested in fixed assets.

Depreciation of fixed assets is not recorded in these financial statements.

1. LONG TERM DEBT

Payments for the next five years on capital loan and debenture debt outstanding at August 31, 1986 are approximately as follows:

Year ending August 31	Principal	Interest
1987	\$10,091,000	\$16,371,000
1988	9,529,000	15,201,000
1989	8,882,000	14,060,000
1990	8,397,000	12,965,000
1991	7,967,000	11,907,000

2. EXTRAORDINARY ITEM

Prior to the employees of the District adopting the Local Authorities Pension Plan in 1967, the employees participated in the City of Edmonton pension fund. At the time of transfer of the pension fund to the Local Authorities Pension Plan all of the funds in the City pension fund were not required by the Local Authorities Pension Plan.

During 1985, the matter was resolved and the District received \$1,761,000 being its share of the excess contribution, including interest.

3. PRIOR YEARS' ADJUSTMENTS

The operating fund deficits at the beginning of 1985 and 1986 have been reduced by \$83,000 resulting from adjustments related to 1984 and prior years. Certain other balance sheet figures have been adjusted accordingly.

4. CAPITAL CONSTRUCTION

At August 31, 1986, the commitment for the uncompleted portion of the construction program amounted to \$584,630 (1985; \$2,329,000). Substantially all of the construction program is to be financed through debenture borrowings which have been approved by the Local Authorities Board.

5. SCHOOL FUNDS

Individual schools offer various services and activities involving the receipt of monies which have not been included in the School District's accounting records. These services and activities include student unions, yearbooks, instructional materials, textbook rentals, field trips and fund-raising projects of various types. Based on reports submitted by each school for the most recent school year, it is estimated that the monies received from these services and activities approximated \$9,488,000 (1985; \$7,602,000) and cash balances on hand or in bank accounts approximated \$2,074,000 (1985; \$1,705,000) as at August 31, 1986.

Effective September 1, 1985, all individual schools were required to place excess school generated funds on deposit with the District. As at August 31, 1986, approximately \$793,000 (1985; \$221,000) of such funds have been placed on deposit with the District and are included in these financial statements.

The Edmonton R.C. Separate School District No. 7

Auditors' Report

To the Board of Trustees

We have examined the Capital and Loan Fund and Operating Fund balance sheet of The Edmonton R.C. Separate School District No. 7 as at August 31, 1986 and the statements of capital reserves and equity, revenue and expenditures and operating deficit and changes in Capital and Loan Fund for the eight months then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the District as at August 31, 1986 and the results of its operations and the changes in its capital and loan fund for the period then ended, in accordance with accounting principles, as described in Note 1, applied after giving retroactive effect to the change in accounting policy as explained in Note 4 to the financial statements, on a basis consistent with that of the preceding year.

Schedules 2 and 4 accompanying the financial statements are presented as supplementary information only and not as a necessary part of the financial statements of the District. The information in these schedules has been subject to audit procedures only to the extent necessary to enable us to express an opinion on the financial statements of the District and, in our opinion, is fairly presented in all respects material to those financial statements.

October 31, 1986

Coopers & Lybrand
Chartered Accountants

The Edmonton R.C. Separate School District No. 7 STATEMENT 1

Balance Sheet

August 31, 1986

	August 31 1986	December 31 1985
	(in thousands of dollars)	
ASSETS		
CAPITAL AND LOAN FUND		
Receivable from Operating Fund	\$	\$ 472
Fixed Assets		
Land and servicing costs	4,875	4,875
Buildings	101,044	100,642
Furniture and equipment	17,578	16,901
Building Quality Restoration Program	8,117	6,602
	131,614	129,020
	\$131,614	\$129,492
OPERATING FUND		
Cash in bank	\$	\$ 356
Investment in short-term deposit		1,500
Cash in trust	233	107
Receivable from Capital Fund	1,181	
Accounts receivable		
Province of Alberta	1,229	2,746
City of Edmonton	6,305	
Other	831	565
Inventories	974	794
Prepaid expenses	578	344
	\$ 11,331	\$ 6,412

The Edmonton R.C. Separate School District No. 7 STATEMENT 1

Balance Sheet

August 31, 1986

	August 31 1986	December 31 1985
	(in thousands of dollars)	
LIABILITIES		
CAPITAL AND LOAN FUND		
Payable to Operating Fund	\$ 1,181	\$
Construction holdbacks	67	33
Short-term capital loans — Note 2	266	433
Debenture debt — Note 3	53,091	54,676
Capital reserves and equity — Statement 2	77,009	74,350
	\$131,614	\$129,492
OPERATING FUND		
Bank indebtedness		
Outstanding cheques, less related bank balances	\$ 1,017	\$
Bank loan	2,575	125
Accounts payable and accrued charges	5,065	6,485
Outstanding purchase commitments	365	372
Unexpended decentralized budgets		148
Deferred revenue	3,106	430
Trust liabilities	233	107
Payable to capital fund		472
Operating deficit — Statement 3	(1,030)	(1,727)
	\$ 11,331	\$ 6,412

*Statement of
Capital Reserves
and Equity*

For the eight months ended
August 31, 1986

	August 31 1986 (8 months)	December 31 1985 (12 months)
	(in thousands of dollars)	
BALANCE OF EQUITY AT BEGINNING OF THE PERIOD		
As previously reported	\$74,252	\$70,488
Change in method of accounting for B.Q.R.P. expenditures — Note 4	(167)	(1,107)
As restated	74,085	69,381
Contributions from Operating Fund	1,031	808
Debentures redeemed	1,628	3,738
Appropriation from equity to capital reserves	(367)	
Short-term capital loans paid	167	167
Sales tax rebate — construction		158
INCREASE IN EQUITY DURING THE PERIOD	2,459	4,871
BALANCE OF EQUITY AT END OF THE PERIOD	\$76,544	\$74,252
BALANCE OF CAPITAL RESERVES AT BEGINNING OF THE PERIOD	\$ 98	\$
Gain on sale of fixed assets		98
Appropriation from equity to capital reserves	367	
BALANCE OF CAPITAL RESERVES AT END OF THE PERIOD	\$ 465	\$ 98
TOTAL CAPITAL RESERVES AND EQUITY AT END OF THE PERIOD	\$77,009	\$74,350

*Statement of
Revenue and
Expenditures and
Operating Deficit*

For the eight months ended
August 31, 1986

	August 31 1986 (8 months)	December 31 1985 (12 months)
	(in thousands of dollars)	
REVENUE — Schedule 1		
Provincial foundation plan	\$ 38,282	\$ 59,141
Other provincial grants	7,637	10,917
Supplementary requisition	25,220	35,710
Federal government	732	771
Other revenue	2,032	3,503
	73,903	110,042
EXPENDITURES — Schedules 2 and 3		
Salaries	53,080	76,486
Employee benefits	4,198	5,712
Services purchased and contracted	9,517	13,081
Supplies and materials	1,675	2,923
Contributions to capital fund	1,031	808
Debt services	3,689	10,824
	73,190	109,834
EXCESS OF REVENUE OVER EXPENDITURES FOR THE PERIOD	713	208
PRIOR YEAR ADJUSTMENTS	(16)	
OPERATING DEFICIT AT BEGINNING OF THE PERIOD	(1,727)	(1,935)
OPERATING DEFICIT AT END OF THE PERIOD	\$ (1,030)	\$ (1,727)

*Statement of
Changes in
Capital and
Loan Fund*

For the eight months ended
August 31, 1986

	August 31 1986 (8 months)	December 31 1985 (12 months)
	(in thousands of dollars)	
FUNDS PROVIDED		
Increase in capital reserves and equity	\$ 2,827	\$ 4,969
Items not affecting funds		
Gain on sale of fixed assets		(98)
Debentures issued	43	3,572
Proceeds on sale of fixed assets		105
	2,870	8,548
FUNDS APPLIED		
Purchases of		
Land and servicing costs		8
Buildings	2,762	2,639
Furniture and equipment		934
Debentures redeemed	1,628	3,738
Short-term capital loans paid	167	168
	4,557	7,487
INCREASE (DECREASE) IN FUNDS DURING THE PERIOD	(1,687)	1,061
FUNDS RECEIVABLE (PAYABLE) AT BEGINNING OF THE PERIOD	439	(622)
FUNDS RECEIVABLE (PAYABLE) AT END OF THE PERIOD	\$(1,248)	\$ 439
REPRESENTED BY		
Receivable from (payable to) Operating Fund	\$(1,181)	\$ 472
Construction holdbacks	(67)	(33)
	\$(1,248)	\$ 439

The Edmonton R.C. Separate School District No. 7 SCHEDULE 1

Schedule of Operating Revenue by Source

For the eight months ended
August 31, 1986

	August 31 1986 (8 months)	December 31 1985 (12 months)
	(in thousands of dollars)	
PROVINCE OF ALBERTA		
Provincial Foundation Plan		
Per pupil grants	\$ 32,465	\$ 46,936
Transportation of pupils	1,787	2,512
Administration	345	518
Debt retirement	2,943	8,634
Building Quality Restoration Program	602	307
Approved capital loans	140	234
	38,282	59,141
Other Provincial Grants		
Special Education Program	2,624	3,908
Vocational pupils C.E.U.'s	244	806
Extension program	39	89
Intern teachers	447	310
Teachers' inservice	137	220
Private schools and handicapped	62	90
Educational opportunity fund	586	949
Early childhood services	1,830	2,751
English as a Second Language	150	224
Wards of the province	17	19
Equity grants	319	155
Polish and Ukrainian languages	594	729
Other	55	85
Official language (French)	337	298
Community schools	196	284
	7,637	10,917
SUPPLEMENTARY REQUISITION	25,220	35,710
FEDERAL GOVERNMENT		
Tuition fees	112	201
French grants	565	492
Continuing education	55	78
	732	771
OTHER REVENUE		
Tuition fees and transportation	952	1,610
Textbook rentals	30	547
Rental fees	842	1,121
Investment income	155	157
Sundry	53	68
	2,032	3,503
	\$ 73,903	\$110,042

*Schedule of
Operating
Expenditures
by Function*

For the eight months ended
August 31, 1986
(Unaudited)
(in thousands of dollars)

Function Description	Salaries	Employee Benefits
Elementary instruction	\$ 19,358	\$ 1,191
Junior high instruction	8,836	573
Senior high instruction	11,122	722
Special education	3,658	244
Early childhood services	1,538	121
Community services	872	54
Administration	2,365	435
Operation/maintenance	5,313	855
Transportation	18	3
Debt services		
1986 (8 months)	\$ 53,080	\$ 4,198
	72.52%	5.74%
1985 (12 months)	\$ 76,486	\$ 5,712
	69.64%	5.20%

Services Purchased	Supplies/ Materials	Capital Outlay	Debt Services	1986 (8 months)		1985 (12 months)	
				Total	%	Total	%
\$ 130	\$ 464	\$ 172	\$	\$ 21,315	29.13	\$ 30,360	27.69
94	345	96		9,944	13.59	14,854	13.52
113	390	270		12,617	17.24	18,295	16.65
319	58	5		4,284	5.85	6,000	5.46
10	55	14		1,738	2.37	2,376	2.16
48	15	5		994	1.36	1,384	1.25
985	82	269		4,136	5.65	5,438	4.95
5,179	266	200		11,813	16.14	16,003	14.56
2,639				2,660	3.63	4,300	3.91
			3,689	3,689	5.04	10,824	9.85
\$ 9,517	\$ 1,675	\$ 1,031	\$ 3,689	\$ 73,190		\$109,834	
13.00%	2.29%	1.41%	5.04%		100.00%		100.00%
\$ 13,081	\$ 2,923	\$ 808	\$ 10,824	\$109,834			
11.91%	2.66%	0.74%	9.85%		100.00%		

The Edmonton R.C. Separate School District No. 7 SCHEDULE 3

Schedule of Operating Expenditures by Object

For the eight months ended
August 31, 1986

OBJECT DESCRIPTION	August 31 1986 (8 months)	December 31 1985 (12 months)
(in thousands of dollars)		
SALARIES		
Teaching regular	\$ 41,007	\$ 58,661
Teaching temporary	564	962
Non-teaching regular	11,006	16,107
Non-teaching temporary	464	689
Trustees' remuneration	39	47
TOTAL SALARIES	53,080	76,486
EMPLOYEE BENEFITS AND ALLOWANCES		
Distributed benefits	3,918	5,259
Advanced study and bursaries	266	433
In-service training	14	20
TOTAL EMPLOYEE BENEFITS AND ALLOWANCES	4,198	5,712
SERVICES PURCHASED AND CONTRACTED		
Professional and technical	482	505
Postage and telegraph	32	44
Public utility service	2,794	4,076
Travel and subsistence	247	325
Transportation of pupils	2,638	4,273
Maintenance and repair	2,163	2,424
Rental	285	371
Taxes	38	39
Tuition	239	462
Dues and fees	172	190
Printing	105	87
Insurance and bond premiums	256	213
Advertising	66	72
TOTAL SERVICES PURCHASED AND CONTRACTED	9,517	13,081
SUPPLIES AND MATERIALS		
Supplies	979	1,718
Textbooks	354	833
Media materials	358	387
Warehouse inventory adjustment	(26)	(15)
Maintenance inventory adjustment	10	
TOTAL SUPPLIES AND MATERIALS	1,675	2,923
CONTRIBUTIONS TO CAPITAL FUND		
Equipment and furniture	652	788
Building reserve	367	
Vehicles	12	20
TOTAL CONTRIBUTIONS TO CAPITAL FUND	1,031	808
DEBT SERVICES		
Debenture debt principal	1,828	3,738
Debenture debt interest	1,672	6,565
Short-term capital loan principal	167	167
Short-term capital loan interest	62	54
Bank interest and charges	160	300
TOTAL DEBT SERVICES	3,689	10,824
	\$ 73,190	\$109,834

Schedule of Per Pupil Costs

For the eight months ended
August 31, 1986
(Unaudited)

	1986 (8 months) (in thousands of dollars)	Per Pupil (Based on September Enrolment)	1985 (12 months) (in thousands of dollars)	Per Pupil (Based on September Enrolment)
INSTRUCTIONAL EXPENSES				
Teachers' salaries, pupil and classroom supplies and textbooks	\$ 45,614	\$1,757.23	\$ 65,885	\$2,446.63
SPECIAL EDUCATION				
Teachers' salaries, pupil and classroom supplies and textbooks	4,284	165.04	6,001	222.84
ADMINISTRATION				
Salaries, stationery, supplies	4,136	159.34	5,438	201.94
OPERATION AND MAINTENANCE				
Salaries, utilities, maintenance	11,813	455.08	16,003	594.25
TRANSPORTATION OF PUPILS				
	2,660	102.45	4,299	159.65
DEBT SERVICES				
Debenture interest, redemption and bank charges	3,689	142.11	10,824	401.95
	72,196	\$2,781.25	108,450	\$4,027.26
COMMUNITY SERVICES				
	994		1,384	
	\$ 73,190		\$109,834	
SEPTEMBER ENROLMENT				
			1985	1984
Kindergarten (full time equivalent)			1,096	1,009
Elementary			11,838	12,668
Junior high			5,464	5,553
Senior high			6,320	6,467
Special education			1,240	1,232
Total enrolment			25,958	26,929

The Edmonton R.C. Separate School District No. 7

Notes to Financial Statements

For the eight months ended
August 31, 1986

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the following accounting policies which are consistent with the accounting principles used by the Alberta Department of Education for Alberta School Districts.

(a) **Fixed Assets**

Fixed assets are recorded at cost and no provision for depreciation has been made in these financial statements.

Building Quality Restoration Program (B.Q.R.P.) expenditures are capitalized to the extent that they are funded by the Provincial Foundation Plan.

(b) **Purchase Commitments and Unexpended Decentralized Budgets**

The District follows the policy of recording operating fund purchase commitments and unexpended decentralized school budgets as expenditures in the year the funds are committed or budgeted rather than in the year the goods and services are received and the actual liability incurred. In a period where schools spend in excess of the budget, the amount relating to future school years is recorded as a prepaid expense.

(c) **Inventories**

Inventories are valued at average cost.

(d) **Revenue Recognition**

Revenue is recorded using the accrual basis of accounting.

(e) **Interest on Debentures**

Interest on debenture debt is recorded as an expenditure when paid. No provision for accrued interest payable on debenture debt has been recorded in the accounts as payment of this interest is funded through the Provincial Foundation Plan.

(f) **Prior Period Adjustments**

All items affecting operations of previous years are adjusted directly through the surplus (deficit) account.

(g) **Deferred Revenue**

The District follows the policy of matching the funding received with debenture principal and interest repayments for the period. Funding received in advance of repayments is recorded as deferred revenue.

Revenue received in advance for the following school year is also recorded as deferred revenue.

2. SHORT-TERM CAPITAL LOANS

The loans are repayable as follows:

1987	\$112,278
1988	112,278
1989	<u>40,813</u>
	<u>\$265,369</u>

Under the terms of the Building Quality Restoration Program, the repayment of loans and interest thereon is funded by the Provincial Foundation Plan.

Notes to Financial Statements — continued

For the eight months ended
August 31, 1988

3. DEBENTURE DEBT

Principal and interest payments on debenture debt are due as follows:

	Principal	Interest
1987	\$ 3,857,535	\$ 6,422,617
1988	3,791,055	6,005,556
1989	3,669,155	5,592,317
1990	3,621,155	5,186,090
1991	3,541,155	4,782,622
1992 to maturity	<u>34,611,043</u>	<u>26,724,703</u>
	<u>\$53,091,098</u>	<u>\$54,713,905</u>

Repayment of debentures and interest thereon is funded by the Provincial Foundation Plan.

4. CHANGE IN ACCOUNTING POLICY

During the period, the District adopted a new method of accounting for Building Quality Restoration Program (B.Q.R.P.) expenditures. In prior periods, B.Q.R.P. expenditures of an expense nature were recorded as fixed assets in the Capital Fund. The District will continue to capitalize these expenditures. With the change, however, the capitalized B.Q.R.P. expenditures will now be reduced by the principal portion of debenture repayments made each period by the District.

The change, which has been applied retroactively, decreases fixed assets and capital reserves and equity by \$1,275,216.

5. SCHOOL GENERATED FUNDS

Funds may be generated by individual schools through fund-raising projects, incidental sales and other activities. The receipts and disbursements related to these funds are not included in the accounting records of the school district and, therefore, are not reflected in these financial statements.

6. CHANGE IN YEAR-END

The District changed to an August 31 year-end to conform to Alberta Education reporting guidelines for school districts.